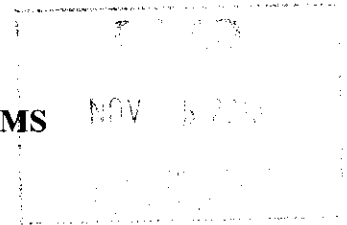


ORIGINAL



IN THE UNITED STATES COURT OF FEDERAL CLAIMS

UNIVERSITY HOSPITALS CLEVELAND
MEDICAL CENTER, d/b/a UNIVERSITY
HOSPITALS CASE MEDICAL CENTER,
f/k/a UNIVERSITY HOSPITALS
OF CLEVELAND; And UNIVERSITY
HOSPITALS HEALTH SYSTEM, INC.,

Plaintiffs,

v.

No. **10-760 T**

THE UNITED STATES OF AMERICA,

Defendant.

COMPLAINT

1. This is a timely action arising under the Internal Revenue laws of the United States for the recovery of Federal Insurance Contributions Act (26 U.S.C. §§ 3101 *et seq.*) (“FICA”) taxes erroneously and illegally assessed against and collected from Plaintiffs and their medical residents and fellows (“Residents”) for the second, third and fourth calendar quarters of 2005 and all calendar quarters of 2006.

I. Parties & Jurisdiction

2. Plaintiff University Hospitals Cleveland Medical Center, d/b/a University Hospitals Case Medical Center, f/k/a University Hospitals of Cleveland (hereinafter “UHCMC”) is an Ohio nonprofit corporation with its principal place of business in Cleveland, Ohio. The last four digits of Plaintiff UHCMC’s employer identification number are 7805. UHCMC is a wholly owned subsidiary of Plaintiff University Hospitals Health System, Inc.

3. Plaintiff University Hospitals Health System, Inc., is an Ohio nonprofit corporation with its principal place of business in Cleveland, Ohio. The last four digits of Plaintiff's employer identification number are 4775.

4. University Hospitals Health System, Inc. is the parent company of and designated agent of UHCMC for tax collection purposes, pursuant to I.R.C. § 3504 and 26 C.F.R. § 31.3504-1. UHCMC and University Hospitals Health System, Inc. are hereinafter referred to, collectively, as "Plaintiffs."

5. Defendant is the United States of America.

6. Jurisdiction is conferred on this Court by 28 U.S.C. § 1491(a) and by § 7422 of the Internal Revenue Code of 1986 (26 U.S.C.) as amended (hereinafter "I.R.C.").

II. Plaintiffs' Medical Residency Programs

7. Plaintiffs and their affiliates operate an integrated hospital system with locations in the metropolitan Cleveland, Ohio area.

8. Plaintiffs and their affiliates offer residency programs for medical school graduates. Participation in a residency program is required for a medical school graduate to become licensed as a physician. Residents in Plaintiffs' and their affiliates' medical residency programs have patient contact and assume responsibility for patient care, under proper professional supervision, in order to develop skills as part of the Residents' medical education.

9. The primary purpose of the residency programs offered by Plaintiffs and their affiliates is educational. These residency programs are accredited through the Accreditation

Council for Graduate Medical Education ("ACGME"), which imposes rigorous and specific educational standards. The medical residents who participate in the UHCMC Residency Programs are "students" who were employed by a "school, college, or university," thus bringing the residents within the exception from tax found in I.R.C. § 3121(b)(10) ("Student Exception).

10. Residents receive payments from Plaintiffs and their affiliates during their participation in a residency program.

11. On March 2, 2010, in IR-2010-25, the Internal Revenue Service ("IRS") publicly announced that it accepts the position that all medical residents nationwide are exempt from FICA taxes, based on the "student exception" from tax found in I.R.C. § 3121(b)(10), for tax periods before April 1, 2005, when new IRS regulations that contradict that position went into effect. In line with this, the IRS announced on that date that it would issue tax refunds to institutions and residents that have timely claims for refund on file for tax periods before April 1, 2005, provided that institutions made submissions meeting requirements to be formulated and specified by the IRS.

III. Overpayments of FICA Tax

12. Plaintiffs timely filed with the IRS their original Forms 941, "Employer's Quarterly Federal Tax Return," for the second, third and fourth quarters of 2005 and all four quarters of 2006. These quarterly tax periods are referred to hereinafter, collectively, as the "Tax Periods." As the parent company and designated agent for UHCMC and its affiliates, Plaintiff University Hospitals Health System, Inc. filed a comprehensive return Form 941 for Plaintiffs and their affiliates for each of the Tax Periods.

13. On these original returns, Plaintiffs reported that payments made to Residents were “wages” subject to FICA taxes under I.R.C. § 3111(a) and (b) and § 3101(a) and (b). Plaintiffs timely paid to the IRS the FICA taxes so reported and shown as due on such returns. Payment of these taxes was erroneous, for the reasons set forth elsewhere in this Complaint.

14. On March 22, 2009, Plaintiffs timely filed with the IRS Form 843 “Claim for Refund and Request for Abatement” for the 2005 and 2006 Tax Periods. Subsequently, Plaintiffs timely filed with the IRS Form 941-X, “Adjusted Employer’s Quarterly Federal Tax Return or Claim for Refund” for each of the Tax Periods to supplement the Forms 843 filed previously for each quarter. Plaintiffs’ claims for refund for the second, third and fourth quarters of 2005 are attached hereto as Exhibit 1. Plaintiffs’ claims for refund for all four quarters of 2006 are attached hereto as Exhibit 2. (Employer Identification Numbers have been redacted.)

15. The payments to Residents addressed by the claims described above in Paragraph 14 are not remuneration for employment – and therefore are not “wages” subject to FICA tax – because the services to which those payments related were exempt from FICA by I.R.C. § 3121(b)(10). This Internal Revenue Code provision exempting students from FICA tax is hereinafter referred to as the “Student Exception.”

16. Upon information and belief, the IRS investigated the claims described above in Paragraph 14, but the IRS has never notified Plaintiffs that it has allowed or disallowed all or part of these claims.

17. More than six months have elapsed since the refund claims referenced in Paragraph 14 were filed, and no action has been taken by the IRS thereon. Therefore, the requirements of I.R.C. § 6532(a)(1) have been satisfied.

18. The overpayments of FICA tax made to the IRS with respect to payments to Residents caused Plaintiffs and their affiliates and Residents to overpay FICA tax for the Tax Periods, as detailed below.

19. Plaintiffs and their affiliates overpaid FICA tax in the following amounts with respect to payments to Residents that were addressed by the claims for refund described above in Paragraph 14:

| Tax Period | Plaintiffs' Portion of FICA (<i>see</i> I.R.C. §§ 3111(a) and (b)) | Residents' Portion of FICA (<i>see</i> I.R.C. §§ 3101(a) and (b)) | Sum of Both Portions of FICA |
|--|---|--|------------------------------|
| Second Quarter 2005 | \$ 545,798.25 | \$ 545,798.25 | \$ 1,091,596.50 |
| Third Quarter 2005 | \$ 512,061.01 | \$ 512,061.01 | \$ 1,024,122.02 |
| Fourth Quarter 2005 | \$ 598,785.18 | \$ 598,785.18 | \$ 1,197,570.36 |
| First Quarter 2006 | \$ 506,373.52 | \$ 506,373.52 | \$ 1,012,747.04 |
| Second Quarter 2006 | \$ 602,789.57 | \$ 602,789.57 | \$ 1,205,579.14 |
| Third Quarter 2006 | \$ 551,316.43 | \$ 551,316.43 | \$ 1,102,632.86 |
| Fourth Quarter 2006 | \$ 648,782.34 | \$ 648,782.34 | \$ 1,297,564.68 |
| Overpayment for All Tax Periods ¹ | \$ 3,965,906.30 | \$ 3,965,906.30 | \$ 7,931,812.60 |

20. Plaintiffs are entitled to recover the entire amount of Plaintiffs' and their affiliates' own portion of the overpaid FICA tax at issue.

¹ These amounts of overpayments are estimated, and Plaintiffs reserve the right to recover the full amount of all overpayments that are proven in these proceedings.

21. Plaintiffs also are permitted to recover the Residents' portion of the overpaid FICA tax at issue on behalf of those Residents who consent to that recovery. *See* I.R.C. §§ 3101(a) and (b). The overpaid FICA tax sought in this Complaint, as detailed above in Paragraph 19, may be reduced by an individual Resident's portion of the FICA tax for each Resident who ultimately does not provide written consent.

22. The IRS has not refunded or credited any part of Plaintiffs' portion of the overpaid FICA tax sought by Plaintiffs' claims for refund and by this action.

23. Upon information and belief, the IRS has not refunded or credited any part of the Residents' portion of the overpaid FICA tax sought by Plaintiffs' claims for refund and by this action.

24. The refund amount in Paragraph 19 does not include interest due to Plaintiffs and the Residents. Plaintiffs and the consenting Residents are entitled to recover interest as provided by law on the overpaid amounts of FICA tax, as well as any interest paid on the overpaid tax.

25. Plaintiffs and their affiliates are the sole and absolute owners of the claims respecting Plaintiffs' portion of the overpaid FICA tax at issue and has made no transfer or assignment of those claims.

26. Plaintiffs do not own, but are permitted by law to recover, the Residents' portion of the overpaid FICA tax on behalf of those Residents who consent to the recovery.

IV. Invalidity of Amended Regulations

27. On December 21, 2004, the Secretary of the Treasury ("Secretary") adopted amendments to the Treasury Regulations that purport to interpret the Student Exception

(“Amended Regulations”). Treas. Reg. § 31.3121(b)(10)-2 (as amended by T.D. 9167, 69 Fed. Reg. 76404 (Dec. 21, 2004)). The Amended Regulations were purportedly promulgated under the general interpretative authority granted by I.R.C. § 7805(a). The Amended Regulations are purportedly effective for services performed on or after April 1, 2005.

28. The employers’ portion and Residents’ portion of the tax that Plaintiffs seek to recover in this action (*see* Paragraphs 14 and 19, *supra*) was paid to, and collected by, Defendant predicated upon the premise that the Amended Regulations were valid -- a premise that is incorrect.

29. The Amended Regulations are designed specifically to categorically preclude medical residents, *inter alia*, from being exempt from FICA tax under the Student Exception. The Amended Regulations add conditions to the Student Exception that are inconsistent with the text and plain meaning of the statutory Student Exception.

30. The Amended Regulations substantially differ from long-standing prior Treasury Regulations interpreting the Student Exception, which did not categorically exclude services performed by medical residents from coming within the scope of the Student Exception (“Long-Standing Prior Regulations”). Treas. Reg. § 31.3121(b)(10)-2(b), (c) (as promulgated by T.D. 6190, 21 Fed. Reg. 5261 (July 14, 1956); as re-issued by T.D. 6516, 25 Fed. Reg. 13032 (Dec. 20, 1960); 25 Fed. Reg. 14021 (Dec. 31, 1960); as re-issued by T.D. 7373, 40 Fed. Reg. 30958 (July 24, 1975)). The Amended Regulations add new conditions to the Student Exception that are inconsistent with and contrary to the Long-Standing Prior Regulations.

31. Congress directly addressed the question whether residents could be categorically excluded from coverage by the Student Exception through, *inter alia*, (i) the text of the Student

Exception and (ii) legislative reenactment of the Student Exception as interpreted by the Long-Standing Prior Regulations.

32. The Amended Regulations do not represent a permissible construction of the Student Exception statute because the Amended Regulations do not harmonize with the plain language, origin and purpose of that statute. Nor do the Amended Regulations harmonize with the student exception found in the Social Security Act at 42 U.S.C. § 410(a)(10), a statute that parallels the Student Exception statute. The Amended Regulations do not implement in a reasonable manner Congress' intention as expressed in the Student Exception statute.

33. The Amended Regulations were not promulgated contemporaneously with the Student Exception and are contrary to the Long-Standing Prior Regulations, which were promulgated contemporaneously with the Student Exception and which acquired the force of law under the doctrine of legislative reenactment.

34. The Amended Regulations are invalid and do not bar Plaintiffs from recovering the tax refund sought in this suit. The FICA tax paid by and collected from Plaintiffs and the Residents under those Amended Regulations, and that is at issue in this suit, was overpaid because of the Student Exception, just as FICA tax paid by and collected from teaching hospitals and residents nationwide is not due because of the Student Exception for periods before April 1, 2005, as acknowledged by the IRS in IR-2010-25.

WHEREFORE, Plaintiffs University Hospitals Cleveland Medical Center, d/b/a University Hospitals Case Medical Center, f/k/a University Hospitals of Cleveland and University Hospitals Health System, Inc. respectfully demand judgment in their favor and against the United States of America:

- (a) In the sum of \$ 7,931,812.60 in tax as detailed below, or such greater amount as may have been overpaid:

| Tax Period | Plaintiffs' Portion of FICA (<i>see</i> I.R.C. §§ 3111(a) and (b)) | Residents' Portion of FICA (<i>see</i> I.R.C. §§ 3101(a) and (b)) | Sum of Both Portions of FICA |
|--|---|--|------------------------------|
| Second Quarter 2005 | \$ 545,798.25 | \$ 545,798.25 | \$ 1,091,596.50 |
| Third Quarter 2005 | \$ 512,061.01 | \$ 512,061.01 | \$ 1,024,122.02 |
| Fourth Quarter 2005 | \$ 598,785.18 | \$ 598,785.18 | \$ 1,197,570.36 |
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| Second Quarter 2006 | \$ 602,789.57 | \$ 602,789.57 | \$ 1,205,579.14 |
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| Fourth Quarter 2006 | \$ 648,782.34 | \$ 648,782.34 | \$ 1,297,564.68 |
| Overpayment for All Tax Periods ² | \$ 3,965,906.30 | \$ 3,965,906.30 | \$ 7,931,812.60 |

- (b) For any interest previously paid to the IRS on the tax set out in paragraph (a), *supra*;
- (c) For interest as provided by law on the sums awarded under (a) and (b), *supra*;
- (d) For Plaintiffs' costs and attorneys' fees; and
- (e) For such other and further relief as this Court deems appropriate.

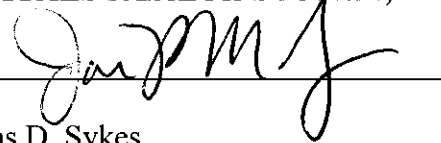
² These amounts of overpayments are estimated, and Plaintiffs reserve the right to recover the full amount of all overpayments that are proven in these proceedings.

Dated:

Respectfully submitted,

**UNIVERSITY HOSPITALS
CLEVELAND MEDICAL CENTER,
d/b/a UNIVERSITY HOSPITALS CASE
MEDICAL CENTER, f/k/a
UNIVERSITY HOSPITALS OF
CLEVELAND; And UNIVERSITY
HOSPITALS HEALTH SYSTEM, INC.,**

By: _____



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Attorneys for Plaintiff

EXHIBIT 1

Form 941-X: Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund

(Rev. June 2009)

Department of the Treasury — Internal Revenue Service

OMB No. 1545-0029

(EIN)
Employer identification number **7805**

Name (not your trade name) **University Hospitals of Cleveland**

Trade name (if any) **University Hospitals Case Medical Center**

Address **11100 Euclid Avenue**

Number **Cleveland** Street **OHIO** Suite or room number **44106**
City State ZIP code

Use this form to correct errors you made on Form 941 or 941-SS for one quarter only. Type or print within the boxes. You MUST complete all three pages. Read the instructions before completing this form. Do not attach this form to Form 941 or 941-SS.

Part 1: Select ONLY one process.

- ☐ 1. Adjusted employment tax return. Check this box if you underreported amounts. Also check this box if you overreported amounts and you would like to use the adjustment process to correct the errors. You must check this box if you are correcting both underreported and overreported amounts on this form. The amount shown on line 18, if less than 0, may only be applied as a credit to your Form 941, Form 941-SS, Form 944, or Form 944-SS for the tax period in which you are filing this form.
- ☒ 2. Claim. Check this box if you overreported amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 18. Do not check this box if you are correcting ANY underreported amounts on this form.

Return You Are Correcting ...

Check the type of return you are correcting:

☒ 941☐ 941-SS

Check the ONE quarter you are correcting:

☐ 1: January, February, March☒ 2: April, May, June☐ 3: July, August, September☐ 4: October, November, December

Enter the calendar year of the quarter you are correcting:

2005 (mm)

Enter the date you discovered errors:

07/31/2005
(MM / DD / YYYY)

Part 2: Complete the certifications.

- ☒ 3. I certify that I have filed or will file Forms W-2, Wage and Tax Statement, or Forms W-2c, Corrected Wage and Tax Statement, as required.

Note: If you are correcting underreported amounts only, go to Part 3 on page 2 and skip lines 4 and 5.

4. If you checked line 1 because you are adjusting overreported amounts, check all that apply. You must check at least one box. I certify that:

- ☐ a. I repaid or reimbursed each affected employee for the overcollected federal income tax for the current year and the overcollected social security and Medicare tax for current and prior years. For adjustments of employee social security and Medicare tax overcollected in prior years, I have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ b. The adjustment of social security tax and Medicare tax is for the employer's share only. I could not find the affected employees or each employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ c. The adjustment is for federal income tax, social security tax, and Medicare tax that I did not withhold from employee wages.

5. If you checked line 2 because you are claiming a refund or abatement of overreported employment taxes, check all that apply. You must check at least one box.

I certify that:

- ☐ a. I repaid or reimbursed each affected employee for the overcollected social security and Medicare tax. For claims of employee social security and Medicare tax overcollected in prior years, I have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☒ b. I have a written consent from each affected employee stating that I may file this claim for the employee's share of social security and Medicare tax. For refunds of employee social security and Medicare tax overcollected in prior years, I also have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ c. The claim for social security tax and Medicare tax is for the employer's share only. I could not find the affected employees; or each employee did not give me a written consent to file a claim for the employee's share of social security and Medicare tax; or each employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ d. The claim is for federal income tax, social security tax, and Medicare tax that I did not withhold from employee wages.

Next →

| | | |
|-----------------------------------|--------------------------------------|---|
| Name (not your trade name) | Employer identification number (EIN) | Correcting quarter 2 (1, 2, 3, 4) |
| University Hospitals of Cleveland | 7805 | Correcting calendar year (yyyy) 2005 |

Part 3: Enter the corrections for this quarter. If any line does not apply, leave it blank.

| | Column 1 | Column 2 | Column 3 | Column 4 |
|--|--|---|---|--|
| | Total corrected amount (for ALL employees) | Amount originally reported or as previously corrected (for ALL employees) | Difference (If this amount is a negative number, use a minus sign.) | Tax correction |
| 6. Wages, tips and other compensation (from line 2 of Form 941) | | | | Use the amount in Column 1 when you prepare your Forms W-2 or Forms W-2c. |
| 7. Income tax withheld from wages, tips, and other compensation (from line 3 of Form 941) | | | | Copy Column 3 here * |
| 8. Taxable social security wages (from line 5a, Column 1 of Form 941 or Form 941-SS) | 111,409,521.90 | 117,822,711.77 | -6,413,189.87 | X .124 * = -795,235.54 <small>*If you are correcting your employer share only, use .052. See instructions.</small> |
| 9. Taxable social security tips (from line 5b, Column 1 of Form 941 or Form 941-SS) | | | | X .124 * = <small>*If you are correcting your employer share only, use .052. See instructions.</small> |
| 10. Taxable Medicare wages and tips (from line 5c, Column 1 of Form 941 or Form 941-SS) | 124,571,571.95 | 130,984,761.82 | -6,413,189.87 | X .029 * = -185,982.51 <small>*If you are correcting your employer share only, use .0145. See instructions.</small> |
| 11. Tax adjustments (from lines 7a through 7c of Form 941 or Form 941-SS) | | | | Copy Column 3 here * |
| 12. Special addition to wages for federal income tax | | | | See instructions |
| 13. Special addition to wages for social security taxes | | | | See instructions |
| 14. Special addition to wages for Medicare taxes | | | | See instructions |
| 15. Combine the amounts on lines 7-14 of Column 4 | | | | -981,218.05 |
| 16. Advance earned income credit (EIC) payments made to employees (from Form 941, line 9) | | | | See instructions |
| 17a. COBRA premium assistance payments (from line 12a of Form 941 or 941-SS) | | | | See instructions |
| 17b. Number of individuals provided COBRA premium assistance (from line 12b of Form 941 or 941-SS) | | | | |
| 18. Total. Combine the amounts in lines 15, 16, and 17a of Column 4 | | | | -981,218.05 |

If line 18 is less than 0:

- If you checked line 1, this is the amount you want applied as a credit to your Form 941 or Form 941-SS for the tax period in which you are filing this form. (If you are currently filing a Form 944 or Form 944-SS, Employer's ANNUAL Federal Tax Return, see the instructions.)
- If you checked line 2, this is the amount you want refunded or abated

If line 18 is more than 0, this is the amount you owe. Pay this amount when you file this return. For information on how to pay, see *Amount You Owe* in the instructions.

Next →

| | | |
|-----------------------------------|--------------------------------------|-----------------------------------|
| Name (not your trade name) | Employer identification number (EIN) | Correcting quarter 2 (1, 2, 3, 4) |
| University Hospitals of Cleveland | 7805 | Correcting calendar year (YYYY) |
| | | 2005 |

Part 4: Explain your corrections for this quarter.

☐ 19. Check here if any corrections you entered on a line include both underreported and overreported amounts. Explain both your underreported and overreported amounts on line 21.

☐ 20. Check here if any corrections involve reclassified workers. Explain on line 21.

21. You must give us a detailed explanation of how you determined your corrections. See the instructions.

The negative amount represents a claim for a refund.

Taxpayer claims interest as allowed by law on said refund, and a refund of any paid interest related to overpaid tax.

See the attached Addendum to Form 941-X for a statement of the basis of the instant refund claim.

A Form 8275-R disclosure statement is also attached.

Part 5: Sign here. You must complete all three pages of this form and sign it.

Under penalties of perjury, I declare that I have filed an original Form 941 or Form 941-SS and that I have examined this adjusted return or claim, including accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.



Sign your name here

Michael A. Szubski

Print your name here

Michael A. Szubski

Print your title here

UHHS Treasurer & CFO

Date

9-15-10

Best daytime phone (216) 844-1000

Paid preparer's use only

Check if you are self-employed ☐

Preparer's name

Preparer's SSN/PTIN

Preparer's signature

Date

Firm's name (or yours if self-employed)

EIN

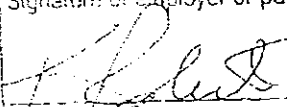

Address

Phone

City

State

ZIP code

| (For use by employers or payers) | | Instructions | |
|--|--|--|--|
| 1 To Internal Revenue Service Center Ogden, UT 84201-0046 Director Ogden, UT _____ Service Center | | Employer or Payer: Please complete this form and give it to the agent. Agent: Please attach a letter requesting authority to do either all that is required of the employer for wages you pay on the employer's behalf or all that is required of the payer for requirements of backup withholding. (See applicable Revenue Procedures 70-6 or 84-33.) Forward both the letter of request and Form 2678 to the Director of the Internal Revenue Service Center where you file your returns. (See reverse side for addresses.) | |
| Note: Rev. Proc. 70-6 is available in Publication 1271 and Rev. Proc. 84-33 is available in Publication 1272. | | | |
| 2 Employer's or Payer's name University Hospitals of Cleveland | | 3 Employer's or Payer's address (Number and street, city, town or post office, State and ZIP code) 11100 Euclid Avenue Cleveland, OH 44106 | |
| 4 Employer identification number 7605 | | 6 Agent's address (Number and street, city, town or post office, State and ZIP code) 11100 Euclid Avenue-RCBB 151 Cleveland, OH 44106 | |
| 5 Agent's name University Hospitals Health System, Inc. | | 7 Agent's employer identification number 4775 | |
| 8 Effective for (Check the box or boxes that apply) <input checked="" type="checkbox"/> Employment taxes (Rev. Proc. 70-6) <input type="checkbox"/> Backup withholding (Rev. Proc. 84-33) | | 9 If filing under Rev. Proc. 70-6, does this apply to all employees? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| 10 Effective date of appointment by employer or payer April 1, 2003 | | Signature of employer or payer  | |
| Under section 3504 of the Internal Revenue Code, please authorize this agent to do all that is required under (Check the one(s) that apply) <input checked="" type="checkbox"/> Chapter 21 (FICA) <input checked="" type="checkbox"/> Chapter 22 (Retirement) <input checked="" type="checkbox"/> Chapter 24 -- <input checked="" type="checkbox"/> Withholding and/or <input type="checkbox"/> Backup withholding <input checked="" type="checkbox"/> Chapter 15 (General Provisions) of Subtitle C. The agent named above has been appointed either to pay wages for employers and/or report and deposit backup withholding amounts for payers. This appointment is effective on the date shown in item 10. | | Date 12/19/02 | |
| Title of signing official (Indicate whether the person signing is an owner, partner, member of firm, fiduciary, or a corporate officer.) David Roberts, Sr. Vice President and CFO | | For Internal Revenue Service Use Only Effective date granted by IRS  | |

For the Paperwork Reduction Act Notice, please see the back of this form.

University Hospitals of Cleveland
 EIN [REDACTED] 7805

ADDENDUM TO FORM 941-X

I. OVERVIEW

University Hospitals of Cleveland ("UHC") respectfully requests a refund of certain employer and employee portions of the Federal Insurance Contributions Act ("FICA") taxes that were paid to the Internal Revenue Service ("IRS") for the second calendar quarter of 2005, plus any interest paid thereon, plus statutory interest as provided by law. These taxes were overpaid with respect to payments made during that quarter to medical residents and fellows (collectively, the "Residents") who were students employed by UHC or an affiliate during the second quarter of 2005. UHC believes that the payments made to the Residents were incorrectly treated as taxable for FICA tax purposes, but it caused the FICA tax thereon to be paid anyway because a regulation, discussed below, purportedly required payment of the tax.

Part II discusses a procedural issue. Part III sets out a brief statement of facts relating to the claim for refund reflected on the attached Form 941-X. Part IV sets out legal authorities and analysis upon which UHC's claim for refund is based.

II. EMPLOYEE CONSENTS

UHC files this refund claim both on its own behalf and on the behalf of the Residents. UHC has sought or will seek and retain any applicable written consents of the affected Residents, whereby each Resident: (1) authorizes UHC to apply for this refund, (2) states whether he or she has previously claimed a refund or credit of the overcollected FICA taxes (and if such a claim has been filed, whether it has been denied), and (3) confirms that the Resident will not claim any additional refund or credit regarding these FICA taxes, if, in signing the consent, the Resident authorizes UHC to file a claim for refund on his or her behalf. These consents will be timely obtained in accordance with the decision in *Chicago Milwaukee Corp. v. U.S.*, 40 F.3d 373 (Fed. Cir. 1994), a decision which the IRS has previously acknowledged to be controlling.

III. SUMMARY OF FACTS

UHC offers medical residency and fellowship programs in which the Residents are trained and educated to become practicing physicians. On March 2, 2010 the IRS announced that payments made to medical residents during periods before the second quarter of 2005 are not subject to FICA taxes because those payments come within Section 3121(b)(10) of the Internal Revenue Code of 1986, as amended (the "Code"), the so-called Student Exception from FICA tax (discussed below) and thus are exempt from that tax. See IR-2010-25 (Mar. 2, 2010), found at www.irs.gov.

UHC has continued to withhold FICA taxes for periods after the first quarter of 2005, to conform to the requirements of Treas. Reg. § 31.3121(b)(10)-2, as amended by T.D. 9167 and effective on and after April 1, 2005 (the "2005 Regulation"). UHC did so even though it disputes that the 2005 Regulation is a proper interpretation of the Student Exception (discussed below).

University Hospitals of Cleveland
 EIN [REDACTED] 7805

IV. LEGAL AUTHORITIES AND ANALYSIS

Sections 3101 and 3111 impose FICA taxes on all the wages paid to an employee by an employer during the calendar year.¹ Section 3121(a) defines the term “wages” for FICA tax purposes as all remuneration for “employment,” subject to certain exceptions. Certain services are specifically excepted from the definition of “employment.” Among those exceptions is the so-called Student Exception. This exception was designed by Congress to relieve students and the schools, colleges, and universities employing them from the financial burden of paying FICA taxes. To implement its intent, Congress statutorily excluded from the definition of “employment” services performed by students in the employ of a school, college, or university (the “Student Exception”).

Specifically, Section 3121(b)(10) provides, in relevant part, that the term “employment” does not include service performed in the employ of (A) a school, college, or university, or (B) an organization described in Section 509(a)(3) if the organization is organized, and at all times thereafter is (i) operated to perform the functions of or to carry out the purposes of a school, college, or university and (ii) is operated, supervised, or controlled in connection with such school, college, or university . . . if such service is performed by a student who is enrolled and regularly attending classes at such school, college, or university. *See also* Treas. Reg. § 31.3121(b)(10)-2(a) (2004). For purposes of the Student Exception, as understood for many decades, the amount of compensation received, the type of services performed, and the place where the services are performed are immaterial. Treas. Reg. § 31.3121(b)(10)-2(a) (2004).

The question whether medical residents are eligible for the Student Exception has been repeatedly addressed by the courts. The U.S. Court of Appeals for the Eighth Circuit, in *Minnesota v. Apfel*, 151 F.3d 742 (8th Cir. 1998) and the U.S. District Court for the District of Minnesota, in *U.S. v. Mayo Found. for Med. Educ. and Research*, 282 F. Supp.2d 997 (D. Minn. 2003) and *Minnesota v. Chater*, 1997 WL 33352908 (May 21, 1997, D. Minn.), correctly ruled in favor of the taxpayers, holding that the Student Exception applies to medical residents. The issue was also addressed and resolved in favor of the taxpayer in *U.S. v. Mt. Sinai Med. Ctr. of Florida, Inc.*, 486 F.3d 1248 (11th Cir. 2007) (finding and concluding, based upon the facts and circumstances, that payments made to medical residents fall within the Student Exception). *See also The University of Chicago Hospitals v. U.S.*, 545 F.3d 564 (7th Cir. 2008) (holding that the plain terms of Section 3121(b)(10) contradict the IRS’s argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *U.S. v. Detroit Med. Ctr.*, 2009 U.S. App. LEXIS 3760 (6th Cir. Feb. 26, 2009) (rejecting the IRS’s “categorically off limits” argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra*) – each of which relied upon the plain terms of Section 3121(b)(10); and *U.S. v. Memorial Sloan-Kettering Cancer Ctr.*, 563 F.3d 19, 22 (2nd Cir. 2009) (stating that “[w]e agree with the Sixth, Seventh, and Eleventh Circuits that the statute is unambiguous and that whether medical residents are ‘students’ and the Hospitals ‘schools’ is a question of fact, not a question of law”). Thus, the federal courts of appeals have repeatedly rejected, based upon the unambiguous terms of Section 3121(b)(10), the IRS’s argument that the Student Exception is categorically off limits to medical residents and teaching hospitals.

¹ All references to “Section” are to Sections of the Code.

University Hospitals of Cleveland
 EIN [REDACTED] 7805

However, the 2005 Regulation, if valid, effectively places the Student Exception categorically off limits to UHC and the Residents as of and after April 1, 2005. Treas. Reg. § 31.3121(b)(10)-2 (2005). The plain terms of the Student Exception statute, Section 3121(b)(10), cannot bear that interpretation. See *The University of Chicago Hospitals v. U.S.*, *supra* (holding that the plain terms of Section 3121(b)(10) contradict the IRS's argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *United States v. Memorial Sloan-Kettering Cancer Center*, *supra* (same); and *U.S. v. Detroit Medical Center*, *supra* (rejecting the IRS's "categorically off limits" argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra* – each of which relied upon the plain terms of Section 3121(b)(10)). The 2005 Regulation is unreasonable, arbitrary, capricious, manifestly contrary to the statute it purports to interpret, and manifestly contrary to Treas. Reg. § 31.3121(b)(10)-2 as promulgated by T.D. 6190, as republished by T.D. 6516, and as amended by T.D. 7373 (the "1956 Regulation").

The 2005 Regulation is thus invalid under the legal standards set out in *National Muffler Dealers Association v. U.S.*, 440 U.S. 472 (1979), and *Chevron U.S.A., Inc. v. Natural Resources Defense Council*, 467 U.S. 837 (1984). See *Mayo Found. for Med. Educ. and Research v. U.S.*, 503 F. Supp. 2d 1164 (D. Minn. 2007) (holding the 2005 Regulation invalid); *Regents of the University of Minnesota v. U.S.*, 2008 U.S. Dist. LEXIS 26263 (D. Minn. 2008) (same); *but cf. Mayo Found. for Med. Educ. and Research v. U.S.*, 2009 U.S. App. LEXIS 15413 (8th Cir. 2009).

In addition, the 2005 Regulation is invalid because it contradicts the 1956 Regulation – a regulation with content directly derived from a 1940 regulation. The Student Exception, enacted in 1939, was interpreted by the 1956 Regulation. The statutes that surround the Student Exception have been addressed numerous times by Congress since 1940 and since 1956. The 1956 regulation thus has "the effect of law" under *U.S. v. Correll*, 389 U.S. 299 (1967), and may not be contradicted by the belated and dubious 2005 Regulation.

UHC and its Residents are entitled to recover under the legal standards that prevail in the absence of the 2005 Regulation, including the 1956 Regulation. See, e.g., *U.S. v. Mt. Sinai Med. Ctr.*, 2008 U.S. Dist. LEXIS 57808 (S.D. Fla. July 28, 2008) (finding and concluding, based upon the facts and circumstances, that medical residents come within the exception from tax set out in Section 3121(b)(10)). The IRS has acknowledged as much in its announcement, made on March 2, 2010:

[The IRS] has made an administrative determination to accept the position that medical residents are excepted from FICA taxes based on the student exception for tax periods ending before April 1, 2005, when new IRS regulations went into effect.

IR-2010-25. This announcement thus concedes that (i) the Residents are "students" and (ii) UHC is a "school, college or university," for purposes of Section 3121(b)(10) of the Code, unless the 2005 Regulation is valid and controlling -- which it is not, as shown above.

We also understand that IRS will be interpreting this announcement to mean that the so-called Medicare Offset, sometimes asserted by the Department of Justice in response to FICA tax refund suits brought by teaching hospitals, should not be asserted by the IRS to reduce the refund

University Hospitals of Cleveland
EIN [REDACTED] 7805

payable to teaching hospitals and their residents. In any event, that Medicare Offset has no merit.

CONCLUSION

Payments made by or for UHC to the Residents qualify for the Student Exception and, therefore, are not subject to FICA taxes. UHC respectfully requests that the IRS refund to UHC the entirety of both the employer and employee portions of the FICA taxes that were erroneously treated as FICA wages, plus any interest paid thereon, plus interest as provided by law.

Form **8275-R**

(Rev. August 2008)

Department of the Treasury
Internal Revenue Service**Regulation Disclosure Statement**

Use this form only to disclose items or positions that are contrary to Treasury regulations. For other disclosures, use Form 8275, Disclosure Statement.

See separate instructions.

▶ Attach to your tax return.

OMB No. 1545-0889

Attachment
Sequence No. **92A**

Name(s) shown on return

University Hospitals of Cleveland

Identifying number shown on return

7805

Part I General Information (see instructions)

| (a) Regulation Section | (b) Item or Group of Items | (c) Detailed Description of Items | (d) Form or Schedule | (e) Line No. | (f) Amount |
|---------------------------|----------------------------------|--|----------------------------|--------------------|---------------|
| 1 31.3121(b)(10)-2 | FICA Wages | Stipends paid to medical residents and fellows are not Social Security or Medicare wages | 941-X | 18 | AMOUNT * |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |

Part II Detailed Explanation (see instructions)

1 * or such greater amount to which taxpayer is entitled, plus any interest thereon, plus statutory interest as provided by law. This Form 8275-R relates to the second quarter of 2005.

2 See attached Addendum to Form 941-X for a statement of the basis of the instant refund claim.

3

4

5

6

Part III Information About Pass-Through Entity. To be completed by partners, shareholders, beneficiaries, or residual interest holders.

Complete this part only if you are making adequate disclosure for a pass-through item.

Note: A pass-through entity is a partnership, S corporation, estate, trust, regulated investment company (RIC), real estate investment trust (REIT), or real estate mortgage investment conduit (REMIC).

| | |
|--|--|
| 1 Name, address, and ZIP code of pass-through entity Name Address City State ZIP code Foreign country | 2 Identifying number of pass-through entity |
| | 3 Tax year of pass-through entity to |
| | 4 Internal Revenue Service Center where the pass-through entity filed its return |
| | |

For Paperwork Reduction Act Notice, see separate instructions.

Form **8275-R** (Rev. 8-2008)

(HTA)

Part IV Explanations (continued from Parts I and/or II)

University Hospitals of Cleveland
 EIN [REDACTED] 7805

ADDENDUM TO FORM 941-X

I. OVERVIEW

University Hospitals of Cleveland ("UHC") respectfully requests a refund of certain employer and employee portions of the Federal Insurance Contributions Act ("FICA") taxes that were paid to the Internal Revenue Service ("IRS") for the second calendar quarter of 2005, plus any interest paid thereon, plus statutory interest as provided by law. These taxes were overpaid with respect to payments made during that quarter to medical residents and fellows (collectively, the "Residents") who were students employed by UHC or an affiliate during the second quarter of 2005. UHC believes that the payments made to the Residents were incorrectly treated as taxable for FICA tax purposes, but it caused the FICA tax thereon to be paid anyway because a regulation, discussed below, purportedly required payment of the tax.

Part II discusses a procedural issue. Part III sets out a brief statement of facts relating to the claim for refund reflected on the attached Form 941-X. Part IV sets out legal authorities and analysis upon which UHC's claim for refund is based.

II. EMPLOYEE CONSENTS

UHC files this refund claim both on its own behalf and on the behalf of the Residents. UHC has sought or will seek and retain any applicable written consents of the affected Residents, whereby each Resident: (1) authorizes UHC to apply for this refund, (2) states whether he or she has previously claimed a refund or credit of the overcollected FICA taxes (and if such a claim has been filed, whether it has been denied), and (3) confirms that the Resident will not claim any additional refund or credit regarding these FICA taxes, if, in signing the consent, the Resident authorizes UHC to file a claim for refund on his or her behalf. These consents will be timely obtained in accordance with the decision in *Chicago Milwaukee Corp. v. U.S.*, 40 F.3d 373 (Fed. Cir. 1994), a decision which the IRS has previously acknowledged to be controlling.

III. SUMMARY OF FACTS

UHC offers medical residency and fellowship programs in which the Residents are trained and educated to become practicing physicians. On March 2, 2010 the IRS announced that payments made to medical residents during periods before the second quarter of 2005 are not subject to FICA taxes because those payments come within Section 3121(b)(10) of the Internal Revenue Code of 1986, as amended (the "Code"), the so-called Student Exception from FICA tax (discussed below) and thus are exempt from that tax. See IR-2010-25 (Mar. 2, 2010), found at www.irs.gov.

UHC has continued to withhold FICA taxes for periods after the first quarter of 2005, to conform to the requirements of Treas. Reg. § 31.3121(b)(10)-2, as amended by T.D. 9167 and effective on and after April 1, 2005 (the "2005 Regulation"). UHC did so even though it disputes that the 2005 Regulation is a proper interpretation of the Student Exception (discussed below).

University Hospitals of Cleveland
 EIN [REDACTED] 7805

IV. LEGAL AUTHORITIES AND ANALYSIS

Sections 3101 and 3111 impose FICA taxes on all the wages paid to an employee by an employer during the calendar year.¹ Section 3121(a) defines the term “wages” for FICA tax purposes as all remuneration for “employment,” subject to certain exceptions. Certain services are specifically excepted from the definition of “employment.” Among those exceptions is the so-called Student Exception. This exception was designed by Congress to relieve students and the schools, colleges, and universities employing them from the financial burden of paying FICA taxes. To implement its intent, Congress statutorily excluded from the definition of “employment” services performed by students in the employ of a school, college, or university (the “Student Exception”).

Specifically, Section 3121(b)(10) provides, in relevant part, that the term “employment” does not include service performed in the employ of (A) a school, college, or university, or (B) an organization described in Section 509(a)(3) if the organization is organized, and at all times thereafter is (i) operated to perform the functions of or to carry out the purposes of a school, college, or university and (ii) is operated, supervised, or controlled in connection with such school, college, or university . . . if such service is performed by a student who is enrolled and regularly attending classes at such school, college, or university. *See also* Treas. Reg. § 31.3121(b)(10)-2(a) (2004). For purposes of the Student Exception, as understood for many decades, the amount of compensation received, the type of services performed, and the place where the services are performed are immaterial. Treas. Reg. § 31.3121(b)(10)-2(a) (2004).

The question whether medical residents are eligible for the Student Exception has been repeatedly addressed by the courts. The U.S. Court of Appeals for the Eighth Circuit, in *Minnesota v. Apfel*, 151 F.3d 742 (8th Cir. 1998) and the U.S. District Court for the District of Minnesota, in *U.S. v. Mayo Found. for Med. Educ. and Research*, 282 F. Supp.2d 997 (D. Minn. 2003) and *Minnesota v. Chater*, 1997 WL 33352908 (May 21, 1997, D. Minn.), correctly ruled in favor of the taxpayers, holding that the Student Exception applies to medical residents. The issue was also addressed and resolved in favor of the taxpayer in *U.S. v. Mt. Sinai Med. Ctr. of Florida, Inc.*, 486 F.3d 1248 (11th Cir. 2007) (finding and concluding, based upon the facts and circumstances, that payments made to medical residents fall within the Student Exception). *See also The University of Chicago Hospitals v. U.S.*, 545 F.3d 564 (7th Cir. 2008) (holding that the plain terms of Section 3121(b)(10) contradict the IRS’s argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *U.S. v. Detroit Med. Ctr.*, 2009 U.S. App. LEXIS 3760 (6th Cir. Feb. 26, 2009) (rejecting the IRS’s “categorically off limits” argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra*) – each of which relied upon the plain terms of Section 3121(b)(10); and *U.S. v. Memorial Sloan-Kettering Cancer Ctr.*, 563 F.3d 19, 22 (2nd Cir. 2009) (stating that “[w]e agree with the Sixth, Seventh, and Eleventh Circuits that the statute is unambiguous and that whether medical residents are ‘students’ and the Hospitals ‘schools’ is a question of fact, not a question of law”). Thus, the federal courts of appeals have repeatedly rejected, based upon the unambiguous terms of Section 3121(b)(10), the IRS’s argument that the Student Exception is categorically off limits to medical residents and teaching hospitals.

¹ All references to “Section” are to Sections of the Code.

University Hospitals of Cleveland
 EIN [REDACTED] 7805

However, the 2005 Regulation, if valid, effectively places the Student Exception categorically off limits to UHC and the Residents as of and after April 1, 2005. Treas. Reg. § 31.3121(b)(10)-2 (2005). The plain terms of the Student Exception statute, Section 3121(b)(10), cannot bear that interpretation. See *The University of Chicago Hospitals v. U.S.*, *supra* (holding that the plain terms of Section 3121(b)(10) contradict the IRS's argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *United States v. Memorial Sloan-Kettering Cancer Center*, *supra* (same); and *U.S. v. Detroit Medical Center*, *supra* (rejecting the IRS's "categorically off limits" argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra* -- each of which relied upon the plain terms of Section 3121(b)(10)). The 2005 Regulation is unreasonable, arbitrary, capricious, manifestly contrary to the statute it purports to interpret, and manifestly contrary to Treas. Reg. § 31.3121(b)(10)-2 as promulgated by T.D. 6190, as republished by T.D. 6516, and as amended by T.D. 7373 (the "1956 Regulation").

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In addition, the 2005 Regulation is invalid because it contradicts the 1956 Regulation -- a regulation with content directly derived from a 1940 regulation. The Student Exception, enacted in 1939, was interpreted by the 1956 Regulation. The statutes that surround the Student Exception have been addressed numerous times by Congress since 1940 and since 1956. The 1956 regulation thus has "the effect of law" under *U.S. v. Correll*, 389 U.S. 299 (1967), and may not be contradicted by the belated and dubious 2005 Regulation.

UHC and its Residents are entitled to recover under the legal standards that prevail in the absence of the 2005 Regulation, including the 1956 Regulation. See, e.g., *U.S. v. Mt. Sinai Med. Ctr.*, 2008 U.S. Dist. LEXIS 57808 (S.D. Fla. July 28, 2008) (finding and concluding, based upon the facts and circumstances, that medical residents come within the exception from tax set out in Section 3121(b)(10)). The IRS has acknowledged as much in its announcement, made on March 2, 2010:

[The IRS] has made an administrative determination to accept the position that medical residents are excepted from FICA taxes based on the student exception for tax periods ending before April 1, 2005, when new IRS regulations went into effect.

IR-2010-25. This announcement thus concedes that (i) the Residents are "students" and (ii) UHC is a "school, college or university," for purposes of Section 3121(b)(10) of the Code, unless the 2005 Regulation is valid and controlling -- which it is not, as shown above.

We also understand that IRS will be interpreting this announcement to mean that the so-called Medicare Offset, sometimes asserted by the Department of Justice in response to FICA tax refund suits brought by teaching hospitals, should not be asserted by the IRS to reduce the refund

University Hospitals of Cleveland
EIN [REDACTED] 7805

payable to teaching hospitals and their residents. In any event, that Medicare Offset has no merit.

CONCLUSION

Payments made by or for UHC to the Residents qualify for the Student Exception and, therefore, are not subject to FICA taxes. UHC respectfully requests that the IRS refund to UHC the entirety of both the employer and employee portions of the FICA taxes that were erroneously treated as FICA wages, plus any interest paid thereon, plus interest as provided by law.

Supplemental

Form **941-X: Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund**
(Rev. June 2009) Department of the Treasury — Internal Revenue Service OMB No. 1545-0029

| | | | |
|---|--------|--|----------|
| (EIN) Employer identification number | | 7805 | |
| Name (not your trade name) | | University Hospitals of Cleveland | |
| Trade name (if any) | | University Hospitals Case Medical Center | |
| Address 11100 Euclid Avenue | | | |
| Number | Street | Suite or room number | |
| Cleveland | | OHIO | 44106 |
| City | | State | ZIP code |

Use this form to correct errors you made on Form 941 or 941-SS for one quarter only. Type or print within the boxes. You MUST complete all three pages. Read the instructions before completing this form. Do not attach this form to Form 941 or 941-SS.

Part 1: Select ONLY one process.

- ☐ 1. Adjusted employment tax return. Check this box if you underreported amounts. Also check this box if you overreported amounts and you would like to use the adjustment process to correct the errors. You must check this box if you are correcting both underreported and overreported amounts on this form. The amount shown on line 18, if less than 0, may only be applied as a credit to your Form 941, Form 941-SS, Form 944, or Form 944-SS for the tax period in which you are filing this form.
- ☒ 2. Claim. Check this box if you overreported amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 18. Do not check this box if you are correcting ANY underreported amounts on this form.

Return You Are Correcting ...

Check the type of return you are correcting:

- ☒ 941
☐ 941-SS

Check the ONE quarter you are correcting:

- ☐ 1: January, February, March
☐ 2: April, May, June
☒ 3: July, August, September
☐ 4: October, November, December

Enter the calendar year of the quarter you are correcting:

2005 (mm)

Enter the date you discovered errors:

10/31/2005
(MM / DD / YYYY)

Part 2: Complete the certifications.

- ☒ 3. I certify that I have filed or will file Forms W-2, Wage and Tax Statement, or Forms W-2c, Corrected Wage and Tax Statement, as required.

Note. If you are correcting underreported amounts only, go to Part 3 on page 2 and skip lines 4 and 5.

4. If you checked line 1 because you are adjusting overreported amounts, check all that apply. You must check at least one box. I certify that:

- ☐ a. I repaid or reimbursed each affected employee for the overcollected federal income tax for the current year and the overcollected social security and Medicare tax for current and prior years. For adjustments of employee social security and Medicare tax overcollected in prior years, I have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ b. The adjustment of social security tax and Medicare tax is for the employer's share only. I could not find the affected employees or each employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ c. The adjustment is for federal income tax, social security tax, and Medicare tax that I did not withhold from employee wages.

5. If you checked line 2 because you are claiming a refund or abatement of overreported employment taxes, check all that apply. You must check at least one box. I certify that:

- ☐ a. I repaid or reimbursed each affected employee for the overcollected social security and Medicare tax. For claims of employee social security and Medicare tax overcollected in prior years, I have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☒ b. I have a written consent from each affected employee stating that I may file this claim for the employee's share of social security and Medicare tax. For refunds of employee social security and Medicare tax overcollected in prior years, I also have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ c. The claim for social security tax and Medicare tax is for the employer's share only. I could not find the affected employees; or each employee did not give me a written consent to file a claim for the employee's share of social security and Medicare tax; or each employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ d. The claim is for federal income tax, social security tax, and Medicare tax that I did not withhold from employee wages.

Next →

| | | |
|---|--------------------------------------|-----------------------------------|
| Name (not your trade name) | Employer identification number (EIN) | Correcting quarter 3 (1, 2, 3, 4) |
| University Hospitals of Cleveland | 7805 | Correcting calendar year (mm) |
| Part 3: Enter the corrections for this quarter. If any line does not apply, leave it blank. | | 2005 |

| | Column 1 | Column 2 | Column 3 | Column 4 |
|--|--|---|---|---|
| | Total corrected amount (for ALL employees) | Amount originally reported or as previously corrected (for ALL employees) | Difference (If this amount is a negative number, use a minus sign.) | Tax correction |
| 6. Wages, tips and other compensation (from line 2 of Form 941) | | | | Use the amount in Column 1 when you prepare your Forms W-2 or Forms W-2c. |
| 7. Income tax withheld from wages, tips, and other compensation (from line 3 of Form 941) | | | | Copy Column 3 here ▶ |
| 8. Taxable social security wages (from line 5a, Column 1 of Form 941 or Form 941-SS) | 90,853,771.45 | 96,892,176.36 | -6,038,404.91 | X .124 * = -748,762.21 *If you are correcting your employer share only, use .062. See instructions. |
| 9. Taxable social security tips (from line 5b, Column 1 of Form 941 or Form 941-SS) | | | | X .124 * = *If you are correcting your employer share only, use .062. See instructions. |
| 10. Taxable Medicare wages and tips (from line 5c, Column 1 of Form 941 or Form 941-SS) | 105,416,503.50 | 111,499,239.10 | -6,082,735.60 | X .029 * = -176,399.33 *If you are correcting your employer share only, use .0145. See instructions. |
| 11. Tax adjustments (from lines 7a through 7c of Form 941 or Form 941-SS) | | | | Copy Column 3 here ▶ |
| 12. Special addition to wages for federal income tax | | | | See instructions |
| 13. Special addition to wages for social security taxes | | | | See instructions |
| 14. Special addition to wages for Medicare taxes | | | | See instructions |
| 15. Combine the amounts on lines 7-14 of Column 4 | | | | -925,161.54 |
| 16. Advance earned income credit (EIC) payments made to employees (from Form 941, line 9) | | | | See instructions |
| 17a. COBRA premium assistance payments (from line 12a of Form 941 or 941-SS) | | | | See instructions |
| 17b. Number of individuals provided COBRA premium assistance (from line 12b of Form 941 or 941-SS) | | | | |
| 18. Total. Combine the amounts in lines 15, 16, and 17a of Column 4 | | | | -925,161.54 |

If line 18 is less than 0:

- If you checked line 1, this is the amount you want applied as a credit to your Form 941 or Form 941-SS for the tax period in which you are filing this form. (If you are currently filing a Form 944 or Form 944-SS, Employer's ANNUAL Federal Tax Return, see the instructions.)
- If you checked line 2, this is the amount you want refunded or abated.

If line 18 is more than 0, this is the amount you owe. Pay this amount when you file this return. For information on how to pay, see *Amount You Owe* in the instructions.

Next →

| | | |
|-----------------------------------|--------------------------------------|-----------------------------------|
| Name (not your trade name) | Employer identification number (EIN) | Correcting quarter 3 (1, 2, 3, 4) |
| University Hospitals of Cleveland | 7805 | Correcting calendar year (YYYY) |
| | | 2005 |

Part 4: Explain your corrections for this quarter.

☐ 19. Check here if any corrections you entered on a line include both underreported and overreported amounts. Explain both your underreported and overreported amounts on line 21.

☐ 20. Check here if any corrections involve reclassified workers. Explain on line 21.

21. You must give us a detailed explanation of how you determined your corrections. See the instructions.

The negative amount represents a claim for a refund.

Taxpayer claims interest as allowed by law on said refund, and a refund of any paid interest related to overpaid tax.

See the attached Addendum to Form 941-X for a statement of the basis of the instant refund claim.

A Form 8275-R disclosure statement is also attached.

Part 5: Sign here. You must complete all three pages of this form and sign it.

Under penalties of perjury, I declare that I have filed an original Form 941 or Form 941-SS and that I have examined this adjusted return or claim, including accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.



Sign your name here

Michael A. Szubski

Print your name here

Michael A. Szubski

Print your title here

UHHS Treasurer & CFO

Date

4-15-10

Best daytime phone (216) 844-1000

Paid preparer's use only

Check if you are self-employed ☐

Preparer's name

Preparer's SSN/PTIN

Preparer's signature

Date

Firm's name (or yours if self-employed)

EIN

Address

Phone

City

State

ZIP code

| Under section 3504 of the Internal Revenue Code (For use by employers or payers) | | Instructions | |
|---|--|--|---|
| 1 to Internal Revenue Service Center Ogden, UT 84201-0046 Director Ogden, UT Service Center | | Employer or Payer: Please complete this form and give it to the agent. Agent: Please attach a letter requesting authority to do either all that is required of the employer for wages you pay on the employer's behalf or all that is required of the payer for requirements of backup withholding. (See applicable Revenue Procedures 70-6 or 84-33.) Forward both the letter of request and Form 2678 to the Director of the Internal Revenue Service Center where you file your returns. (See reverse side for addresses.) | |
| Note: Rev. Proc. 70-6 is available in Publication 1271 and Rev. Proc. 84-33 is available in Publication 1272. | | | |
| 2 Employer's or Payer's name University Hospitals of Cleveland | | 3 Employer's or Payer's address (Number and street, city, town or post office, State and ZIP code) 11100 Euclid Avenue Cleveland, OH 44106 | |
| 4 Employer identification number 000000000 | | 5 Agent's address (Number and street, city, town or post office, State and ZIP code) 11100 Euclid Avenue-ROBB 151 Cleveland, OH 44106 | |
| 6 Agent's name University Hospitals Health System, Inc. | | 7 Agent's employer identification number 000000000 | |
| 8 Effective for (Check the box or boxes that apply) <input type="checkbox"/> Employment taxes (Rev. Proc. 70-6) <input checked="" type="checkbox"/> Backup withholding (Rev. Proc. 84-33) | | 9 If filing under Rev. Proc. 70-6, does this apply to all employees? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 10 Effective date of appointment by employer or payer April 1, 2007 |
| Under section 3504 of the Internal Revenue Code, please authorize this agent to do all that is required under section 3504 that apply: <input checked="" type="checkbox"/> Chapter 21 (TDA) <input type="checkbox"/> Chapter 22 (Pension/Retirement) <input type="checkbox"/> Chapter 24 -- <input type="checkbox"/> Withholding under <input type="checkbox"/> Backup withholding <input type="checkbox"/> Chapter 45 (General Provisions of Subchapter E) | | Signature of employer or payer Date 12/19/07 | |
| This agent or employee has been appointed under the authority of the employer and/or report and accept backup withholding amounts for wages. This agent's appointment is effective on the date shown in item 10. | | Title of signing official (Indicate whether the person signing is an officer, partner, member of firm, fiduciary, or a corporate officer) David Roberts, Sr. Vice President and CFO | |
| This letter serves as the agent and the employer's agreement to the provisions of law and regulations (including penalties) which apply to employers' provisions. | | For Internal Revenue Service Use Only Effective date granted by IRS | |

For the Employer or Payer (or both), please see the back of this form.

University Hospitals of Cleveland
 EIN [REDACTED] 7805

ADDENDUM TO FORM 941-X

I. OVERVIEW

University Hospitals of Cleveland ("UHC") respectfully requests a refund of certain employer and employee portions of the Federal Insurance Contributions Act ("FICA") taxes that were paid to the Internal Revenue Service ("IRS") for the third calendar quarter of 2005, plus any interest paid thereon, plus statutory interest as provided by law. These taxes were overpaid with respect to payments made during that quarter to medical residents and fellows (collectively, the "Residents") who were students employed by UHC or an affiliate during the third quarter of 2005. UHC believes that the payments made to the Residents were incorrectly treated as taxable for FICA tax purposes, but it caused the FICA tax thereon to be paid anyway because a regulation, discussed below, purportedly required payment of the tax.

Part II discusses a procedural issue. Part III sets out a brief statement of facts relating to the claim for refund reflected on the attached Form 941-X. Part IV sets out legal authorities and analysis upon which UHC's claim for refund is based.

II. EMPLOYEE CONSENTS

UHC files this refund claim both on its own behalf and on the behalf of the Residents. UHC has sought or will seek and retain any applicable written consents of the affected Residents, whereby each Resident: (1) authorizes UHC to apply for this refund, (2) states whether he or she has previously claimed a refund or credit of the overcollected FICA taxes (and if such a claim has been filed, whether it has been denied), and (3) confirms that the Resident will not claim any additional refund or credit regarding these FICA taxes, if, in signing the consent, the Resident authorizes UHC to file a claim for refund on his or her behalf. These consents will be timely obtained in accordance with the decision in *Chicago Milwaukee Corp. v. U.S.*, 40 F.3d 373 (Fed. Cir. 1994), a decision which the IRS has previously acknowledged to be controlling.

III. SUMMARY OF FACTS

UHC offers medical residency and fellowship programs in which the Residents are trained and educated to become practicing physicians. On March 2, 2010 the IRS announced that payments made to medical residents during periods before the second quarter of 2005 are not subject to FICA taxes because those payments come within Section 3121(b)(10) of the Internal Revenue Code of 1986, as amended (the "Code"), the so-called Student Exception from FICA tax (discussed below) and thus are exempt from that tax. See IR-2010-25 (Mar. 2, 2010), found at www.irs.gov.

UHC has continued to withhold FICA taxes for periods after the first quarter of 2005, to conform to the requirements of Treas. Reg. § 31.3121(b)(10)-2, as amended by T.D. 9167 and effective on and after April 1, 2005 (the "2005 Regulation"). UHC did so even though it disputes that the 2005 Regulation is a proper interpretation of the Student Exception (discussed below).

University Hospitals of Cleveland
 EIN [REDACTED] 7805

IV. LEGAL AUTHORITIES AND ANALYSIS

Sections 3101 and 3111 impose FICA taxes on all the wages paid to an employee by an employer during the calendar year.¹ Section 3121(a) defines the term “wages” for FICA tax purposes as all remuneration for “employment,” subject to certain exceptions. Certain services are specifically excepted from the definition of “employment.” Among those exceptions is the so-called Student Exception. This exception was designed by Congress to relieve students and the schools, colleges, and universities employing them from the financial burden of paying FICA taxes. To implement its intent, Congress statutorily excluded from the definition of “employment” services performed by students in the employ of a school, college, or university (the “Student Exception”).

Specifically, Section 3121(b)(10) provides, in relevant part, that the term “employment” does not include service performed in the employ of (A) a school, college, or university, or (B) an organization described in Section 509(a)(3) if the organization is organized, and at all times thereafter is (i) operated to perform the functions of or to carry out the purposes of a school, college, or university and (ii) is operated, supervised, or controlled in connection with such school, college, or university . . . if such service is performed by a student who is enrolled and regularly attending classes at such school, college, or university. *See also* Treas. Reg. § 31.3121(b)(10)-2(a) (2004). For purposes of the Student Exception, as understood for many decades, the amount of compensation received, the type of services performed, and the place where the services are performed are immaterial. Treas. Reg. § 31.3121(b)(10)-2(a) (2004).

The question whether medical residents are eligible for the Student Exception has been repeatedly addressed by the courts. The U.S. Court of Appeals for the Eighth Circuit, in *Minnesota v. Apfel*, 151 F.3d 742 (8th Cir. 1998) and the U.S. District Court for the District of Minnesota, in *U.S. v. Mayo Found. for Med. Educ. and Research*, 282 F. Supp.2d 997 (D. Minn. 2003) and *Minnesota v. Chater*, 1997 WL 33352908 (May 21, 1997, D. Minn.), correctly ruled in favor of the taxpayers, holding that the Student Exception applies to medical residents. The issue was also addressed and resolved in favor of the taxpayer in *U.S. v. Mt. Sinai Med. Ctr. of Florida, Inc.*, 486 F.3d 1248 (11th Cir. 2007) (finding and concluding, based upon the facts and circumstances, that payments made to medical residents fall within the Student Exception). *See also The University of Chicago Hospitals v. U.S.*, 545 F.3d 564 (7th Cir. 2008) (holding that the plain terms of Section 3121(b)(10) contradict the IRS’s argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *U.S. v. Detroit Med. Ctr.*, 2009 U.S. App. LEXIS 3760 (6th Cir. Feb. 26, 2009) (rejecting the IRS’s “categorically off limits” argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra*) – each of which relied upon the plain terms of Section 3121(b)(10); and *U.S. v. Memorial Sloan-Kettering Cancer Ctr.*, 563 F.3d 19, 22 (2nd Cir. 2009) (stating that “[w]e agree with the Sixth, Seventh, and Eleventh Circuits that the statute is unambiguous and that whether medical residents are ‘students’ and the Hospitals ‘schools’ is a question of fact, not a question of law”). Thus, the federal courts of appeals have repeatedly rejected, based upon the unambiguous terms of Section 3121(b)(10), the IRS’s argument that the Student Exception is categorically off limits to medical residents and teaching hospitals.

¹ All references to “Section” are to Sections of the Code.

University Hospitals of Cleveland
 EIN [REDACTED] 7805

However, the 2005 Regulation, if valid, effectively places the Student Exception categorically off limits to UHC and the Residents as of and after April 1, 2005. Treas. Reg. § 31.3121(b)(10)-2 (2005). The plain terms of the Student Exception statute, Section 3121(b)(10), cannot bear that interpretation. See *The University of Chicago Hospitals v. U.S.*, *supra* (holding that the plain terms of Section 3121(b)(10) contradict the IRS's argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *United States v. Memorial Sloan-Kettering Cancer Center*, *supra* (same); and *U.S. v. Detroit Medical Center*, *supra* (rejecting the IRS's "categorically off limits" argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra* – each of which relied upon the plain terms of Section 3121(b)(10)). The 2005 Regulation is unreasonable, arbitrary, capricious, manifestly contrary to the statute it purports to interpret, and manifestly contrary to Treas. Reg. § 31.3121(b)(10)-2 as promulgated by T.D. 6190, as republished by T.D. 6516, and as amended by T.D. 7373 (the "1956 Regulation").

The 2005 Regulation is thus invalid under the legal standards set out in *National Muffler Dealers Association v. U.S.*, 440 U.S. 472 (1979), and *Chevron U.S.A. Inc. v. Natural Resources Defense Council*, 467 U.S. 837 (1984). See *Mayo Found. for Med. Educ. and Research v. U.S.*, 503 F. Supp. 2d 1164 (D. Minn. 2007) (holding the 2005 Regulation invalid); *Regents of the University of Minnesota v. U.S.*, 2008 U.S. Dist. LEXIS 26263 (D. Minn. 2008) (same); *but cf. Mayo Found. for Med. Educ. and Research v. U.S.*, 2009 U.S. App. LEXIS 15413 (8th Cir. 2009).

In addition, the 2005 Regulation is invalid because it contradicts the 1956 Regulation – a regulation with content directly derived from a 1940 regulation. The Student Exception, enacted in 1939, was interpreted by the 1956 Regulation. The statutes that surround the Student Exception have been addressed numerous times by Congress since 1940 and since 1956. The 1956 regulation thus has "the effect of law" under *U.S. v. Correll*, 389 U.S. 299 (1967), and may not be contradicted by the belated and dubious 2005 Regulation.

UHC and its Residents are entitled to recover under the legal standards that prevail in the absence of the 2005 Regulation, including the 1956 Regulation. See, e.g., *U.S. v. Mt. Sinai Med. Ctr.*, 2008 U.S. Dist. LEXIS 57808 (S.D. Fla. July 28, 2008) (finding and concluding, based upon the facts and circumstances, that medical residents come within the exception from tax set out in Section 3121(b)(10)). The IRS has acknowledged as much in its announcement, made on March 2, 2010:

[The IRS] has made an administrative determination to accept the position that medical residents are excepted from FICA taxes based on the student exception for tax periods ending before April 1, 2005, when new IRS regulations went into effect.

IR-2010-25. This announcement thus concedes that (i) the Residents are "students" and (ii) UHC is a "school, college or university," for purposes of Section 3121(b)(10) of the Code, unless the 2005 Regulation is valid and controlling -- which it is not, as shown above.

We also understand that IRS will be interpreting this announcement to mean that the so-called Medicare Offset, sometimes asserted by the Department of Justice in response to FICA tax refund suits brought by teaching hospitals, should not be asserted by the IRS to reduce the refund

University Hospitals of Cleveland
EIN [REDACTED] 7805

payable to teaching hospitals and their residents. In any event, that Medicare Offset has no merit.

CONCLUSION

Payments made by or for UHC to the Residents qualify for the Student Exception and, therefore, are not subject to FICA taxes. UHC respectfully requests that the IRS refund to UHC the entirety of both the employer and employee portions of the FICA taxes that were erroneously treated as FICA wages, plus any interest paid thereon, plus interest as provided by law.

Form **8275-R**

(Rev. August 2008)

Department of the Treasury
Internal Revenue Service**Regulation Disclosure Statement**Use this form only to disclose items or positions that are contrary to Treasury regulations. For other disclosures, use Form 8275, Disclosure Statement.
See separate instructions.

▶ Attach to your tax return.

OMB No. 1545-0889

Attachment
Sequence No **92A**

Name(s) shown on return

University Hospitals of Cleveland

Identifying number shown on return

7805

Part I General Information (see instructions)

| (a) Regulation Section | (b) Item or Group of Items | (c) Detailed Description of Items | (d) Form or Schedule | (e) Line No. | (f) Amount |
|---------------------------|----------------------------------|---|----------------------------|--------------------|---------------|
| 1 31.3121(b)(10)-2 | FICA Wages | Stipends paid to medical residents and fellows are not Social Security or Medicare wages. | 941-X | 18 | AMOUNT * |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |

Part II Detailed Explanation (see instructions)

1 * or such greater amount to which taxpayer is entitled, plus any interest thereon, plus statutory interest as provided by law. This Form 8275-R relates to the third quarter of 2005.

2 See attached Addendum to Form 941-X for a statement of the basis of the instant refund claim.

3

4

5

6

Part III Information About Pass-Through Entity. To be completed by partners, shareholders, beneficiaries, or residual interest holders.

Complete this part only if you are making adequate disclosure for a pass-through item.

Note: A pass-through entity is a partnership, S corporation, estate, trust, regulated investment company (RIC), real estate investment trust (REIT), or real estate mortgage investment conduit (REMIC).

| | |
|--|---|
| 1 Name, address, and ZIP code of pass-through entity Name Address City State ZIP code Foreign country | 2 Identifying number of pass-through entity |
| | 3 Tax year of pass-through entity to |
| | 4 Internal Revenue Service Center where the pass-through entity filed its return |

For Paperwork Reduction Act Notice, see separate instructions.
(HTA)

Form **8275-R** (Rev. 8-2008)

Part IV Explanations (continued from Parts I and/or II)

University Hospitals of Cleveland
 EIN [REDACTED] 7805

ADDENDUM TO FORM 941-X

I. OVERVIEW

University Hospitals of Cleveland ("UHC") respectfully requests a refund of certain employer and employee portions of the Federal Insurance Contributions Act ("FICA") taxes that were paid to the Internal Revenue Service ("IRS") for the third calendar quarter of 2005, plus any interest paid thereon, plus statutory interest as provided by law. These taxes were overpaid with respect to payments made during that quarter to medical residents and fellows (collectively, the "Residents") who were students employed by UHC or an affiliate during the third quarter of 2005. UHC believes that the payments made to the Residents were incorrectly treated as taxable for FICA tax purposes, but it caused the FICA tax thereon to be paid anyway because a regulation, discussed below, purportedly required payment of the tax.

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University Hospitals of Cleveland
 EIN [REDACTED] 7805

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Specifically, Section 3121(b)(10) provides, in relevant part, that the term “employment” does not include service performed in the employ of (A) a school, college, or university, or (B) an organization described in Section 509(a)(3) if the organization is organized, and at all times thereafter is (i) operated to perform the functions of or to carry out the purposes of a school, college, or university and (ii) is operated, supervised, or controlled in connection with such school, college, or university . . . if such service is performed by a student who is enrolled and regularly attending classes at such school, college, or university. *See also* Treas. Reg. § 31.3121(b)(10)-2(a) (2004). For purposes of the Student Exception, as understood for many decades, the amount of compensation received, the type of services performed, and the place where the services are performed are immaterial. Treas. Reg. § 31.3121(b)(10)-2(a) (2004).

The question whether medical residents are eligible for the Student Exception has been repeatedly addressed by the courts. The U.S. Court of Appeals for the Eighth Circuit, in *Minnesota v. Apfel*, 151 F.3d 742 (8th Cir. 1998) and the U.S. District Court for the District of Minnesota, in *U.S. v. Mayo Found. for Med. Educ. and Research*, 282 F. Supp.2d 997 (D. Minn. 2003) and *Minnesota v. Chater*, 1997 WL 33352908 (May 21, 1997, D. Minn.), correctly ruled in favor of the taxpayers, holding that the Student Exception applies to medical residents. The issue was also addressed and resolved in favor of the taxpayer in *U.S. v. Mt. Sinai Med. Ctr. of Florida, Inc.*, 486 F.3d 1248 (11th Cir. 2007) (finding and concluding, based upon the facts and circumstances, that payments made to medical residents fall within the Student Exception). *See also The University of Chicago Hospitals v. U.S.*, 545 F.3d 564 (7th Cir. 2008) (holding that the plain terms of Section 3121(b)(10) contradict the IRS’s argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *U.S. v. Detroit Med. Ctr.*, 2009 U.S. App. LEXIS 3760 (6th Cir. Feb. 26, 2009) (rejecting the IRS’s “categorically off limits” argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra*) – each of which relied upon the plain terms of Section 3121(b)(10); and *U.S. v. Memorial Sloan-Kettering Cancer Ctr.*, 563 F.3d 19, 22 (2nd Cir. 2009) (stating that “[w]e agree with the Sixth, Seventh, and Eleventh Circuits that the statute is unambiguous and that whether medical residents are ‘students’ and the Hospitals ‘schools’ is a question of fact, not a question of law”). Thus, the federal courts of appeals have repeatedly rejected, based upon the unambiguous terms of Section 3121(b)(10), the IRS’s argument that the Student Exception is categorically off limits to medical residents and teaching hospitals.

¹ All references to “Section” are to Sections of the Code.

University Hospitals of Cleveland
 EIN [REDACTED] 7805

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In addition, the 2005 Regulation is invalid because it contradicts the 1956 Regulation – a regulation with content directly derived from a 1940 regulation. The Student Exception, enacted in 1939, was interpreted by the 1956 Regulation. The statutes that surround the Student Exception have been addressed numerous times by Congress since 1940 and since 1956. The 1956 regulation thus has "the effect of law" under *U.S. v. Correll*, 389 U.S. 299 (1967), and may not be contradicted by the belated and dubious 2005 Regulation.

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IR-2010-25. This announcement thus concedes that (i) the Residents are "students" and (ii) UHC is a "school, college or university," for purposes of Section 3121(b)(10) of the Code, unless the 2005 Regulation is valid and controlling -- which it is not, as shown above.

We also understand that IRS will be interpreting this announcement to mean that the so-called Medicare Offset, sometimes asserted by the Department of Justice in response to FICA tax refund suits brought by teaching hospitals, should not be asserted by the IRS to reduce the refund

University Hospitals of Cleveland
EIN [REDACTED] 7805

payable to teaching hospitals and their residents. In any event, that Medicare Offset has no merit.

CONCLUSION

Payments made by or for UHC to the Residents qualify for the Student Exception and, therefore, are not subject to FICA taxes. UHC respectfully requests that the IRS refund to UHC the entirety of both the employer and employee portions of the FICA taxes that were erroneously treated as FICA wages, plus any interest paid thereon, plus interest as provided by law.

Supplemental

Form **941-X**: Adjusted Employer's **QUARTERLY** Federal Tax Return or Claim for Refund
(Rev. June 2009) Department of the Treasury — Internal Revenue Service

OMB No. 1545-0029

| | | | |
|---|--------|--|----------------------|
| (EIN) Employer identification number | | 7805 | |
| Name (not your trade name) | | University Hospitals of Cleveland | |
| Trade name (if any) | | University Hospitals Case Medical Center | |
| Address 11100 Euclid Avenue | | | |
| Number | Street | State | Suite or room number |
| Cleveland | | OHIO | 44106 |
| City | | State | ZIP code |

Use this form to correct errors you made on Form 941 or 941-SS for one quarter only. Type or print within the boxes. You **MUST** complete all three pages. Read the instructions before completing this form. Do not attach this form to Form 941 or 941-SS.

Part 1: Select ONLY one process.

- ☐ 1. Adjusted employment tax return. Check this box if you underreported amounts. Also check this box if you overreported amounts and you would like to use the adjustment process to correct the errors. You must check this box if you are correcting both underreported and overreported amounts on this form. The amount shown on line 18, if less than 0, may only be applied as a credit to your Form 941, Form 941-SS, Form 944, or Form 944-SS for the tax period in which you are filing this form.
- ☒ 2. Claim. Check this box if you overreported amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 18. Do not check this box if you are correcting ANY underreported amounts on this form.

Return You Are Correcting ...

Check the type of return you are correcting:

☒ 941☐ 941-SS

Check the ONE quarter you are correcting:

☐ 1: January, February, March☐ 2: April, May, June☐ 3: July, August, September☒ 4: October, November, December

Enter the calendar year of the quarter you are correcting:

2005

(YYYY)

Enter the date you discovered errors:

01/30/2006

(MM / DD / YYYY)

Part 2: Complete the certifications.

- ☒ 3. I certify that I have filed or will file Forms W-2, Wage and Tax Statement, or Forms W-2c, Corrected Wage and Tax Statement, as required.

Note. If you are correcting underreported amounts only, go to Part 3 on page 2 and skip lines 4 and 5.

4. If you checked line 1 because you are adjusting overreported amounts, check all that apply. You must check at least one box. I certify that:

☐ a. I repaid or reimbursed each affected employee for the overcollected federal income tax for the current year and the overcollected social security and Medicare tax for current and prior years. For adjustments of employee social security and Medicare tax overcollected in prior years, I have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.

☐ b. The adjustment of social security tax and Medicare tax is for the employer's share only. I could not find the affected employees or each employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.

☐ c. The adjustment is for federal income tax, social security tax, and Medicare tax that I did not withhold from employee wages.

5. If you checked line 2 because you are claiming a refund or abatement of overreported employment taxes, check all that apply. You must check at least one box.

I certify that:

☐ a. I repaid or reimbursed each affected employee for the overcollected social security and Medicare tax. For claims of employee social security and Medicare tax overcollected in prior years, I have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.

☒ b. I have a written consent from each affected employee stating that I may file this claim for the employee's share of social security and Medicare tax. For refunds of employee social security and Medicare tax overcollected in prior years, I also have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.

☐ c. The claim for social security tax and Medicare tax is for the employer's share only. I could not find the affected employees; or each employee did not give me a written consent to file a claim for the employee's share of social security and Medicare tax; or each employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.

☐ d. The claim is for federal income tax, social security tax, and Medicare tax that I did not withhold from employee wages.

Next →

For Privacy Act and Paperwork Reduction Act Notice, see the instructions.

Form **941-X** (Rev. 6-2009)

(HTA)

| | | |
|---|--------------------------------------|-----------------------------------|
| Name (not your trade name) | Employer identification number (EIN) | Correcting quarter 4 (1, 2, 3, 4) |
| University Hospitals of Cleveland | 7805 | Correcting calendar year (YYYY) |
| Part 3: Enter the corrections for this quarter. If any line does not apply, leave it blank. | | 2005 |

| | Column 1 | Column 2 | Column 3 | Column 4 |
|--|--|---|---|---|
| | Total corrected amount (for ALL employees) | Amount originally reported or as previously corrected (for ALL employees) | Difference (If this amount is a negative number, use a minus sign.) | Tax correction |
| 6. Wages, tips and other compensation (from line 2 of Form 941) | | | | Use the amount in Column 1 when you prepare your Forms W-2 or Forms W-2c. |
| 7. Income tax withheld from wages, tips, and other compensation (from line 3 of Form 941) | | | | Copy Column 3 here ▶ |
| 8. Taxable social security wages (from line 5a, Column 1 of Form 941 or Form 941-SS) | 101,764,959.05 | 108,767,029.29 | -7,002,070.24 | X 124 * = -868,256.71 *If you are correcting your employer share only, use .062. See instructions. |
| 9. Taxable social security tips (from line 5b, Column 1 of Form 941 or Form 941-SS) | | | | X 124 * = *If you are correcting your employer share only, use .062. See instructions. |
| 10. Taxable Medicare wages and tips (from line 5c, Column 1 of Form 941 or Form 941-SS) | 123,371,880.93 | 130,477,598.19 | -7,105,717.26 | X .029 * = -206,065.80 *If you are correcting your employer share only, use .0145. See instructions. |
| 11. Tax adjustments (from lines 7a through 7c of Form 941 or Form 941-SS) | | | | Copy Column 3 here ▶ |
| 12. Special addition to wages for federal income tax | | | | See instructions |
| 13. Special addition to wages for social security taxes | | | | See instructions |
| 14. Special addition to wages for Medicare taxes | | | | See instructions |
| 15. Combine the amounts on lines 7-14 of Column 4 | | | | -1,074,322.51 |
| 16. Advance earned income credit (EIC) payments made to employees (from Form 941, line 9) | | | | See instructions |
| 17a. COBRA premium assistance payments (from line 12a of Form 941 or 941-SS) | | | | See instructions |
| 17b. Number of individuals provided COBRA premium assistance (from line 12b of Form 941 or 941-SS) | | | | |
| 18. Total. Combine the amounts in lines 15, 16, and 17a of Column 4 | | | | -1,074,322.51 |

If line 18 is less than 0:

- If you checked line 1, this is the amount you want applied as a credit to your Form 941 or Form 941-SS for the tax period in which you are filing this form. (If you are currently filing a Form 944 or Form 944-SS, Employer's ANNUAL Federal Tax Return, see the instructions.)
- If you checked line 2, this is the amount you want refunded or abated.

If line 18 is more than 0, this is the amount you owe. Pay this amount when you file this return. For information on how to pay, see *Amount You Owe* in the instructions.

Next →

| | | |
|-----------------------------------|--------------------------------------|-----------------------------------|
| Name (not your trade name) | Employer identification number (EIN) | Correcting quarter 4 (1, 2, 3, 4) |
| University Hospitals of Cleveland | 7805 | Correcting calendar year (YYYY) |
| | | 2005 |

Part 4: Explain your corrections for this quarter.

☐ 19. Check here if any corrections you entered on a line include both underreported and overreported amounts. Explain both your underreported and overreported amounts on line 21.

☐ 20. Check here if any corrections involve reclassified workers. Explain on line 21.

21. You must give us a detailed explanation of how you determined your corrections. See the instructions.

The negative amount represents a claim for a refund.

Taxpayer claims interest as allowed by law on said refund, and a refund of any paid interest related to overpaid tax.

See the attached Addendum to Form 941-X for a statement of the instant refund claim.

A Form 8275-R disclosure statement is also attached.

Part 5: Sign here. You must complete all three pages of this form and sign it.

Under penalties of perjury, I declare that I have filed an original Form 941 or Form 941-SS and that I have examined this adjusted return or claim, including accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.



Sign your name here

Michael A. Szubski

Print your name here

Michael A. Szubski

Print your title here

UHHS Treasurer & CFO

Date

4-15-10

Best daytime phone (216) 844-1000

Paid preparer's use only

Check if you are self-employed ☐

Preparer's name

Preparer's SSN/PTIN

Preparer's signature

Date

Firm's name (or yours if self-employed)

EIN

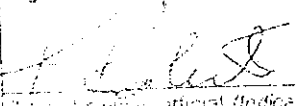
Address

Phone

City

State

ZIP code

| (Rev. June 1997) | | Under Section 3504 of the Internal Revenue Code (For use by employers or payers) | |
|--|--|---|--|
| 1 To Internal Revenue Service Center Ogden, UT 84201-0046 Director: Ogden, UT _____ Service Center | | Instructions Employer or Payer: Please complete this form and give it to the agent. Agent: Please attach a letter requesting authority to do either all that is required of the employer for wages you pay on the employer's behalf or all that is required of the payer for requirements of backup withholding. (See applicable Revenue Procedures 70-6 or 84-33.) Forward both the letter of request and Form 2678 to the Director of the Internal Revenue Service Center where you file your returns. (See reverse side for addresses.) | |
| Note: Rev. Proc. 70-6 is available in Publication 1271 and Rev. Proc. 84-33 is available in Publication 1272. | | | |
| 2. Employer's or Payer's name University Hospitals of Cleveland | | 3. Employer's or Payer's address (Number and street, city, town or post office, State and ZIP code) 11100 Euclid Avenue Cleveland, OH 44106 | |
| 4. Employer identification number [REDACTED] 7905 | | 6. Agent's address (Number and street, city, town or post office, State and ZIP code) 11100 Euclid Avenue-ROBB 151 Cleveland, OH 44106 | |
| 5. Agent's name University Hospitals Medical System, Inc. | | 7. Agent's employer identification number [REDACTED] 4775 | |
| 8. Effective for (Check the box or boxes that apply) <input checked="" type="checkbox"/> Employment taxes (Rev. Proc. 70-6) <input type="checkbox"/> Backup withholding (Rev. Proc. 84-33) | | 9. If using Rev. Proc. 70-6, does it apply to all employees? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| 10. Effective date of agreement by employer or payer April 1, 2007 | | Signature of employer or payer  Title of signing official (Indicate whether the person is an officer, partner, director, officer, or a corporate officer) Robert J. Smith, Sr. Vice President | |
| Under section 3504 of the Internal Revenue Code, please authorize this agent to do all that is required under (Check the box or boxes that apply) <input checked="" type="checkbox"/> Check box A <input type="checkbox"/> Check box B (Backup Withholding) <input type="checkbox"/> Check box C <input type="checkbox"/> Check box D <input type="checkbox"/> Check box E <input type="checkbox"/> Check box F <input type="checkbox"/> Check box G <input type="checkbox"/> Check box H <input type="checkbox"/> Check box I <input type="checkbox"/> Check box J <input type="checkbox"/> Check box K <input type="checkbox"/> Check box L <input type="checkbox"/> Check box M <input type="checkbox"/> Check box N <input type="checkbox"/> Check box O <input type="checkbox"/> Check box P <input type="checkbox"/> Check box Q <input type="checkbox"/> Check box R <input type="checkbox"/> Check box S <input type="checkbox"/> Check box T <input type="checkbox"/> Check box U <input type="checkbox"/> Check box V <input 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type="checkbox"/> Check box YW <input type="checkbox"/> Check box YX <input type="checkbox"/> Check box YY <input type="checkbox"/> Check box YZ <input type="checkbox"/> Check box ZA <input type="checkbox"/> Check box ZB <input type="checkbox"/> Check box ZC <input type="checkbox"/> Check box ZD <input type="checkbox"/> Check box ZE <input type="checkbox"/> Check box ZF <input type="checkbox"/> Check box ZG <input type="checkbox"/> Check box ZH <input type="checkbox"/> Check box ZI <input type="checkbox"/> Check box ZJ <input type="checkbox"/> Check box ZK <input type="checkbox"/> Check box ZL <input type="checkbox"/> Check box ZM <input type="checkbox"/> Check box ZN <input type="checkbox"/> Check box ZO <input type="checkbox"/> Check box ZP <input type="checkbox"/> Check box ZQ <input type="checkbox"/> Check box ZR <input type="checkbox"/> Check box ZS <input type="checkbox"/> Check box ZT <input type="checkbox"/> Check box ZU <input type="checkbox"/> Check box ZV <input type="checkbox"/> Check box ZW <input type="checkbox"/> Check box ZX <input type="checkbox"/> Check box ZY <input type="checkbox"/> Check box ZZ | | | |
| The agent named above has been appointed either to pay wages and report and deposit backup withholding amounts for payers. This appointment is effective on the date shown in Part 10. It is understood that the agent and the employer or payer are subject to the provisions of law and regulations relating to which apply to employers or payers. | | For Internal Revenue Service Use Only Check box if granted <input type="checkbox"/> Yes <input type="checkbox"/> No | |

For the Employer's Signature and Title, please see the back of this form.

University Hospitals of Cleveland
 EIN [REDACTED] 7805

ADDENDUM TO FORM 941-X

I. OVERVIEW

University Hospitals of Cleveland ("UHC") respectfully requests a refund of certain employer and employee portions of the Federal Insurance Contributions Act ("FICA") taxes that were paid to the Internal Revenue Service ("IRS") for the fourth calendar quarter of 2005, plus any interest paid thereon, plus statutory interest as provided by law. These taxes were overpaid with respect to payments made during that quarter to medical residents and fellows (collectively, the "Residents") who were students employed by UHC or an affiliate during the fourth quarter of 2005. UHC believes that the payments made to the Residents were incorrectly treated as taxable for FICA tax purposes, but it caused the FICA tax thereon to be paid anyway because a regulation, discussed below, purportedly required payment of the tax.

Part II discusses a procedural issue. Part III sets out a brief statement of facts relating to the claim for refund reflected on the attached Form 941-X. Part IV sets out legal authorities and analysis upon which UHC's claim for refund is based.

II. EMPLOYEE CONSENTS

UHC files this refund claim both on its own behalf and on the behalf of the Residents. UHC has sought or will seek and retain any applicable written consents of the affected Residents, whereby each Resident: (1) authorizes UHC to apply for this refund, (2) states whether he or she has previously claimed a refund or credit of the overcollected FICA taxes (and if such a claim has been filed, whether it has been denied), and (3) confirms that the Resident will not claim any additional refund or credit regarding these FICA taxes, if, in signing the consent, the Resident authorizes UHC to file a claim for refund on his or her behalf. These consents will be timely obtained in accordance with the decision in *Chicago Milwaukee Corp. v. U.S.*, 40 F.3d 373 (Fed. Cir. 1994), a decision which the IRS has previously acknowledged to be controlling.

III. SUMMARY OF FACTS

UHC offers medical residency and fellowship programs in which the Residents are trained and educated to become practicing physicians. On March 2, 2010 the IRS announced that payments made to medical residents during periods before the second quarter of 2005 are not subject to FICA taxes because those payments come within Section 3121(b)(10) of the Internal Revenue Code of 1986, as amended (the "Code"), the so-called Student Exception from FICA tax (discussed below) and thus are exempt from that tax. See IR-2010-25 (Mar. 2, 2010), found at www.irs.gov.

UHC has continued to withhold FICA taxes for periods after the first quarter of 2005, to conform to the requirements of Treas. Reg. § 31.3121(b)(10)-2, as amended by T.D. 9167 and effective on and after April 1, 2005 (the "2005 Regulation"). UHC did so even though it disputes that the 2005 Regulation is a proper interpretation of the Student Exception (discussed below).

University Hospitals of Cleveland
 EIN [REDACTED] 7805

IV. LEGAL AUTHORITIES AND ANALYSIS

Sections 3101 and 3111 impose FICA taxes on all the wages paid to an employee by an employer during the calendar year.¹ Section 3121(a) defines the term “wages” for FICA tax purposes as all remuneration for “employment,” subject to certain exceptions. Certain services are specifically excepted from the definition of “employment.” Among those exceptions is the so-called Student Exception. This exception was designed by Congress to relieve students and the schools, colleges, and universities employing them from the financial burden of paying FICA taxes. To implement its intent, Congress statutorily excluded from the definition of “employment” services performed by students in the employ of a school, college, or university (the “Student Exception”).

Specifically, Section 3121(b)(10) provides, in relevant part, that the term “employment” does not include service performed in the employ of (A) a school, college, or university, or (B) an organization described in Section 509(a)(3) if the organization is organized, and at all times thereafter is (i) operated to perform the functions of or to carry out the purposes of a school, college, or university and (ii) is operated, supervised, or controlled in connection with such school, college, or university . . . if such service is performed by a student who is enrolled and regularly attending classes at such school, college, or university. *See also* Treas. Reg. § 31.3121(b)(10)-2(a) (2004). For purposes of the Student Exception, as understood for many decades, the amount of compensation received, the type of services performed, and the place where the services are performed are immaterial. Treas. Reg. § 31.3121(b)(10)-2(a) (2004).

The question whether medical residents are eligible for the Student Exception has been repeatedly addressed by the courts. The U.S. Court of Appeals for the Eighth Circuit, in *Minnesota v. Apfel*, 151 F.3d 742 (8th Cir. 1998) and the U.S. District Court for the District of Minnesota, in *U.S. v. Mayo Found. for Med. Educ. and Research*, 282 F. Supp.2d 997 (D. Minn. 2003) and *Minnesota v. Chater*, 1997 WL 33352908 (May 21, 1997, D. Minn.), correctly ruled in favor of the taxpayers, holding that the Student Exception applies to medical residents. The issue was also addressed and resolved in favor of the taxpayer in *U.S. v. Mt. Sinai Med. Ctr. of Florida, Inc.*, 486 F.3d 1248 (11th Cir. 2007) (finding and concluding, based upon the facts and circumstances, that payments made to medical residents fall within the Student Exception). *See also The University of Chicago Hospitals v. U.S.*, 545 F.3d 564 (7th Cir. 2008) (holding that the plain terms of Section 3121(b)(10) contradict the IRS’s argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *U.S. v. Detroit Med. Ctr.*, 2009 U.S. App. LEXIS 3760 (6th Cir. Feb. 26, 2009) (rejecting the IRS’s “categorically off limits” argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra*) – each of which relied upon the plain terms of Section 3121(b)(10); and *U.S. v. Memorial Sloan-Kettering Cancer Ctr.*, 563 F.3d 19, 22 (2nd Cir. 2009) (stating that “[w]e agree with the Sixth, Seventh, and Eleventh Circuits that the statute is unambiguous and that whether medical residents are ‘students’ and the Hospitals ‘schools’ is a question of fact, not a question of law”). Thus, the federal courts of appeals have repeatedly rejected, based upon the unambiguous terms of Section 3121(b)(10), the IRS’s argument that the Student Exception is categorically off limits to medical residents and teaching hospitals.

¹ All references to “Section” are to Sections of the Code.

University Hospitals of Cleveland
 EIN [REDACTED] 7805

However, the 2005 Regulation, if valid, effectively places the Student Exception categorically off limits to UHC and the Residents as of and after April 1, 2005. Treas. Reg. § 31.3121(b)(10)-2 (2005). The plain terms of the Student Exception statute, Section 3121(b)(10), cannot bear that interpretation. See *The University of Chicago Hospitals v. U.S.*, *supra* (holding that the plain terms of Section 3121(b)(10) contradict the IRS's argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *United States v. Memorial Sloan-Kettering Cancer Center*, *supra* (same); and *U.S. v. Detroit Medical Center*, *supra* (rejecting the IRS's "categorically off limits" argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra* – each of which relied upon the plain terms of Section 3121(b)(10)). The 2005 Regulation is unreasonable, arbitrary, capricious, manifestly contrary to the statute it purports to interpret, and manifestly contrary to Treas. Reg. § 31.3121(b)(10)-2 as promulgated by T.D. 6190, as republished by T.D. 6516, and as amended by T.D. 7373 (the "1956 Regulation").

The 2005 Regulation is thus invalid under the legal standards set out in *National Muffler Dealers Association v. U.S.*, 440 U.S. 472 (1979), and *Chevron U.S.A. Inc. v. Natural Resources Defense Council*, 467 U.S. 837 (1984). See *Mayo Found. for Med. Educ. and Research v. U.S.*, 503 F. Supp. 2d 1164 (D. Minn. 2007) (holding the 2005 Regulation invalid); *Regents of the University of Minnesota v. U.S.*, 2008 U.S. Dist. LEXIS 26263 (D. Minn. 2008) (same); *but cf. Mayo Found. for Med. Educ. and Research v. U.S.*, 2009 U.S. App. LEXIS 15413 (8th Cir. 2009).

In addition, the 2005 Regulation is invalid because it contradicts the 1956 Regulation – a regulation with content directly derived from a 1940 regulation. The Student Exception, enacted in 1939, was interpreted by the 1956 Regulation. The statutes that surround the Student Exception have been addressed numerous times by Congress since 1940 and since 1956. The 1956 regulation thus has "the effect of law" under *U.S. v. Correll*, 389 U.S. 299 (1967), and may not be contradicted by the belated and dubious 2005 Regulation.

UHC and its Residents are entitled to recover under the legal standards that prevail in the absence of the 2005 Regulation, including the 1956 Regulation. See, e.g., *U.S. v. Mt. Sinai Med. Ctr.*, 2008 U.S. Dist. LEXIS 57808 (S.D. Fla. July 28, 2008) (finding and concluding, based upon the facts and circumstances, that medical residents come within the exception from tax set out in Section 3121(b)(10)). The IRS has acknowledged as much in its announcement, made on March 2, 2010:

[The IRS] has made an administrative determination to accept the position that medical residents are excepted from FICA taxes based on the student exception for tax periods ending before April 1, 2005, when new IRS regulations went into effect.

IR-2010-25. This announcement thus concedes that (i) the Residents are "students" and (ii) UHC is a "school, college or university," for purposes of Section 3121(b)(10) of the Code, unless the 2005 Regulation is valid and controlling -- which it is not, as shown above.

We also understand that IRS will be interpreting this announcement to mean that the so-called Medicare Offset, sometimes asserted by the Department of Justice in response to FICA tax refund suits brought by teaching hospitals, should not be asserted by the IRS to reduce the refund

University Hospitals of Cleveland
EIN [REDACTED] 7805

payable to teaching hospitals and their residents. In any event, that Medicare Offset has no merit.

CONCLUSION

Payments made by or for UHC to the Residents qualify for the Student Exception and, therefore, are not subject to FICA taxes. UHC respectfully requests that the IRS refund to UHC the entirety of both the employer and employee portions of the FICA taxes that were erroneously treated as FICA wages, plus any interest paid thereon, plus interest as provided by law.

Form **8275-R**

(Rev. August 2008)

Department of the Treasury
Internal Revenue Service**Regulation Disclosure Statement**Use this form only to disclose items or positions that are contrary to Treasury regulations. For other disclosures, use Form 8275, Disclosure Statement.
See separate instructions.

▶ Attach to your tax return.

OMB No. 1545-0889

Attachment
Sequence No. **92A**

Name(s) shown on return

University Hospitals of Cleveland

Identifying number shown on return

7805

Part I General Information (see instructions)

| (a) Regulation Section | (b) Item or Group of Items | (c) Detailed Description of Items | (d) Form or Schedule | (e) Line No. | (f) Amount |
|---------------------------|----------------------------------|---|----------------------------|--------------------|---------------|
| 1 31.3121(b)(10)-2 | FICA Wages | Stipends paid to medical residents and fellows are not Social Security of Medicare wages. | 941-X | 18 | AMOUNT * |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |

Part II Detailed Explanation (see instructions)

1 * or such greater amount to which taxpayer is entitled, plus any interest thereon, plus statutory interest as provided by law. This Form 8275-R relates to the fourth quarter of 2005.

2 See attached Addendum to Form 941-X for a statement of the basis of the instant refund claim.

3

4

5

6

Part III Information About Pass-Through Entity. To be completed by partners, shareholders, beneficiaries, or residual interest holders.

Complete this part only if you are making adequate disclosure for a pass-through item.

Note: A pass-through entity is a partnership, S corporation, estate, trust, regulated investment company (RIC), real estate investment trust (REIT), or real estate mortgage investment conduit (REMIC).

| | |
|--|--|
| 1 Name, address, and ZIP code of pass-through entity Name Address City State ZIP code Foreign country | 2 Identifying number of pass-through entity |
| | 3 Tax year of pass-through entity to |
| | 4 Internal Revenue Service Center where the pass-through entity filed its return |

For Paperwork Reduction Act Notice, see separate instructions.
(HTA)

Form **8275-R** (Rev. 8-2008)

Part IV Explanations (continued from Parts I and/or II)

University Hospitals of Cleveland
 EIN [REDACTED] 7805

ADDENDUM TO FORM 941-X

I. OVERVIEW

University Hospitals of Cleveland ("UHC") respectfully requests a refund of certain employer and employee portions of the Federal Insurance Contributions Act ("FICA") taxes that were paid to the Internal Revenue Service ("IRS") for the fourth calendar quarter of 2005, plus any interest paid thereon, plus statutory interest as provided by law. These taxes were overpaid with respect to payments made during that quarter to medical residents and fellows (collectively, the "Residents") who were students employed by UHC or an affiliate during the fourth quarter of 2005. UHC believes that the payments made to the Residents were incorrectly treated as taxable for FICA tax purposes, but it caused the FICA tax thereon to be paid anyway because a regulation, discussed below, purportedly required payment of the tax.

Part II discusses a procedural issue. Part III sets out a brief statement of facts relating to the claim for refund reflected on the attached Form 941-X. Part IV sets out legal authorities and analysis upon which UHC's claim for refund is based.

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UHC files this refund claim both on its own behalf and on the behalf of the Residents. UHC has sought or will seek and retain any applicable written consents of the affected Residents, whereby each Resident: (1) authorizes UHC to apply for this refund, (2) states whether he or she has previously claimed a refund or credit of the overcollected FICA taxes (and if such a claim has been filed, whether it has been denied), and (3) confirms that the Resident will not claim any additional refund or credit regarding these FICA taxes, if, in signing the consent, the Resident authorizes UHC to file a claim for refund on his or her behalf. These consents will be timely obtained in accordance with the decision in *Chicago Milwaukee Corp. v. U.S.*, 40 F.3d 373 (Fed. Cir. 1994), a decision which the IRS has previously acknowledged to be controlling.

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UHC offers medical residency and fellowship programs in which the Residents are trained and educated to become practicing physicians. On March 2, 2010 the IRS announced that payments made to medical residents during periods before the second quarter of 2005 are not subject to FICA taxes because those payments come within Section 3121(b)(10) of the Internal Revenue Code of 1986, as amended (the "Code"), the so-called Student Exception from FICA tax (discussed below) and thus are exempt from that tax. See IR-2010-25 (Mar. 2, 2010), found at www.irs.gov.

UHC has continued to withhold FICA taxes for periods after the first quarter of 2005, to conform to the requirements of Treas. Reg. § 31.3121(b)(10)-2, as amended by T.D. 9167 and effective on and after April 1, 2005 (the "2005 Regulation"). UHC did so even though it disputes that the 2005 Regulation is a proper interpretation of the Student Exception (discussed below).

University Hospitals of Cleveland
 EIN [REDACTED] 7805

IV. LEGAL AUTHORITIES AND ANALYSIS

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Specifically, Section 3121(b)(10) provides, in relevant part, that the term “employment” does not include service performed in the employ of (A) a school, college, or university, or (B) an organization described in Section 509(a)(3) if the organization is organized, and at all times thereafter is (i) operated to perform the functions of or to carry out the purposes of a school, college, or university and (ii) is operated, supervised, or controlled in connection with such school, college, or university . . . if such service is performed by a student who is enrolled and regularly attending classes at such school, college, or university. *See also* Treas. Reg. § 31.3121(b)(10)-2(a) (2004). For purposes of the Student Exception, as understood for many decades, the amount of compensation received, the type of services performed, and the place where the services are performed are immaterial. Treas. Reg. § 31.3121(b)(10)-2(a) (2004).

The question whether medical residents are eligible for the Student Exception has been repeatedly addressed by the courts. The U.S. Court of Appeals for the Eighth Circuit, in *Minnesota v. Apfel*, 151 F.3d 742 (8th Cir. 1998) and the U.S. District Court for the District of Minnesota, in *U.S. v. Mayo Found. for Med. Educ. and Research*, 282 F. Supp.2d 997 (D. Minn. 2003) and *Minnesota v. Chater*, 1997 WL 33352908 (May 21, 1997, D. Minn.), correctly ruled in favor of the taxpayers, holding that the Student Exception applies to medical residents. The issue was also addressed and resolved in favor of the taxpayer in *U.S. v. Mt. Sinai Med. Ctr. of Florida, Inc.*, 486 F.3d 1248 (11th Cir. 2007) (finding and concluding, based upon the facts and circumstances, that payments made to medical residents fall within the Student Exception). *See also The University of Chicago Hospitals v. U.S.*, 545 F.3d 564 (7th Cir. 2008) (holding that the plain terms of Section 3121(b)(10) contradict the IRS’s argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *U.S. v. Detroit Med. Ctr.*, 2009 U.S. App. LEXIS 3760 (6th Cir. Feb. 26, 2009) (rejecting the IRS’s “categorically off limits” argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra*) – each of which relied upon the plain terms of Section 3121(b)(10); and *U.S. v. Memorial Sloan-Kettering Cancer Ctr.*, 563 F.3d 19, 22 (2nd Cir. 2009) (stating that “[w]e agree with the Sixth, Seventh, and Eleventh Circuits that the statute is unambiguous and that whether medical residents are ‘students’ and the Hospitals ‘schools’ is a question of fact, not a question of law”). Thus, the federal courts of appeals have repeatedly rejected, based upon the unambiguous terms of Section 3121(b)(10), the IRS’s argument that the Student Exception is categorically off limits to medical residents and teaching hospitals.

¹ All references to “Section” are to Sections of the Code.

University Hospitals of Cleveland
 EIN [REDACTED] 7805

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In addition, the 2005 Regulation is invalid because it contradicts the 1956 Regulation – a regulation with content directly derived from a 1940 regulation. The Student Exception, enacted in 1939, was interpreted by the 1956 Regulation. The statutes that surround the Student Exception have been addressed numerous times by Congress since 1940 and since 1956. The 1956 regulation thus has "the effect of law" under *U.S. v. Correll*, 389 U.S. 299 (1967), and may not be contradicted by the belated and dubious 2005 Regulation.

UHC and its Residents are entitled to recover under the legal standards that prevail in the absence of the 2005 Regulation, including the 1956 Regulation. See, e.g., *U.S. v. Mt. Sinai Med. Ctr.*, 2008 U.S. Dist. LEXIS 57808 (S.D. Fla. July 28, 2008) (finding and concluding, based upon the facts and circumstances, that medical residents come within the exception from tax set out in Section 3121(b)(10)). The IRS has acknowledged as much in its announcement, made on March 2, 2010:

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IR-2010-25. This announcement thus concedes that (i) the Residents are "students" and (ii) UHC is a "school, college or university," for purposes of Section 3121(b)(10) of the Code, unless the 2005 Regulation is valid and controlling -- which it is not, as shown above.

We also understand that IRS will be interpreting this announcement to mean that the so-called Medicare Offset, sometimes asserted by the Department of Justice in response to FICA tax refund suits brought by teaching hospitals, should not be asserted by the IRS to reduce the refund

University Hospitals of Cleveland
EIN [REDACTED] 7805

payable to teaching hospitals and their residents. In any event, that Medicare Offset has no merit.

CONCLUSION

Payments made by or for UHC to the Residents qualify for the Student Exception and, therefore, are not subject to FICA taxes. UHC respectfully requests that the IRS refund to UHC the entirety of both the employer and employee portions of the FICA taxes that were erroneously treated as FICA wages, plus any interest paid thereon, plus interest as provided by law.

ME7P PD1100-001 4

Form **843**
(Rev. February 2008)
Department of the Treasury
Internal Revenue Service

Claim for Refund and Request for Abatement

OMB No. 1545-0024

► See separate instructions.

Use Form 843 if your claim or request involves:

- (a) a refund of one of the taxes (other than income taxes) shown on line 3,
- (b) an abatement of employment or certain excise taxes, or
- (c) a refund or abatement of interest, penalties, or additions to tax for one of the reasons shown on line 5a.

Do not use Form 843 if your claim or request involves:

- (a) an overpayment of income taxes (use the appropriate amended income tax return),
- (b) a refund of excise taxes based on the nontaxable use or sale of fuels, or
- (c) an overpayment of excise taxes reported on Form(s) 11-C, 720, 730, or 2290.

| | |
|--|--------------------------------------|
| Name(s) | Your social security number |
| University Hospitals of Cleveland | |
| Address (number, street, and room or suite no.) | Spouse's social security number |
| 11100 Euclid Avenue | |
| City or town, state, and ZIP code | Employer identification number (EIN) |
| Cleveland, OH 44106 | 7805 |
| Name and address shown on return if different from above | Daytime telephone number |

*See attached Form 2678 showing pay agent relationship

| | |
|---|--|
| 1 Period. Prepare a separate Form 843 for each tax period From 01/01/2005 to 12/31/2005 | 2 Amount to be refunded or abated \$ 3,797,300.56 |
| 3 Type of tax. Indicate the type of tax to be refunded or abated or to which the interest, penalty, or addition to tax is related. <input checked="" type="checkbox"/> Employment <input type="checkbox"/> Estate <input type="checkbox"/> Gift <input type="checkbox"/> Excise (see instructions) <input type="checkbox"/> Income | |
| 4 Type of penalty. If the claim or request involves a penalty, enter the Internal Revenue Code section on which the penalty is based (see instructions). IRC section: _____ | |

5a Interest, penalties, and additions to tax. Check the box that indicates your reason for the request for refund or abatement. (If none apply, go to line 6.)

- ☐ Interest was assessed as a result of IRS errors or delays.
- ☐ A penalty or addition to tax was the result of erroneous written advice from the IRS.
- ☐ Reasonable cause or other reason allowed under the law (other than erroneous written advice) can be shown for not assessing a penalty or addition to tax.

b Dates of payment ► _____

6 Original return. Indicate the type of return filed to which the tax, interest, penalty, or addition to tax relates.

| | | | | | |
|---------------------------------|-------------------------------|-------------------------------|---|--|------------------------------|
| <input type="checkbox"/> 706 | <input type="checkbox"/> 709 | <input type="checkbox"/> 940 | <input checked="" type="checkbox"/> 941 | <input type="checkbox"/> 943 | <input type="checkbox"/> 945 |
| <input type="checkbox"/> 990-PF | <input type="checkbox"/> 1040 | <input type="checkbox"/> 1120 | <input type="checkbox"/> 4720 | <input type="checkbox"/> Other (specify) ► | |

7 Explanation. Explain why you believe this claim or request should be allowed and show the computation of the amount shown on line 2. If you need more space, attach additional sheets.

*See attached.

In 2005 University Hospitals of Cleveland withheld and remitted FICA taxes from its medical residents. University Hospitals of Cleveland is now seeking a refund of these FICA Taxes.

This claim is designed as a protective claim. Perfection of the claim will be presented with appropriate supporting documents under separate cover.

Signature. If you are filing Form 843 to request a refund or abatement relating to a joint return, both you and your spouse must sign the claim. Claims filed by corporations must be signed by a corporate officer authorized to sign, and the officer's title must be shown.

Under penalties of perjury, I declare that I have examined this claim, including accompanying schedules and statements, and, to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

| | | |
|--|----------------------|---|
| Signature (Title, if applicable. Claims by corporations must be signed by an officer.) | | Date |
| Signature (spouse, if joint return) | | Date |
| Paid Preparer's Use Only | Preparer's signature | Preparer's SSN or PTIN |
| Firm's name (or yours if self-employed), address, and ZIP code | Date | Check if self-employed <input type="checkbox"/> |
| | EIN | Phone no. |

BKA For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Form 843 (Rev. 02-2008)

Form **2678**
(Rev. June 1997)**Employer Appointment of Agent**
Under Section 3504 of the Internal Revenue Code
(For use by employers or payers)OMB Number
1545-07481. To Internal Revenue Service Center
Ogden, UT 84201-0046Director
Ogden, UT Service Center**Instructions**

Employer or Payer: Please complete this form and give it to the agent.

Agent: Please attach a letter requesting authority to do either all that is required of the employer for wages you pay on the employer's behalf or all that is required of the payer for requirements of backup withholding. (See applicable Revenue Procedures 70-6 or 84-33.) Forward both the letter of request and Form 2678 to the Director of the Internal Revenue Service Center where you file your returns. (See reverse side for addresses.)

Note: Rev. Proc. 70-6 is available in Publication 1271 and Rev. Proc. 84-33 is available in Publication 1272.

2. Employer's or Payer's name

University Hospitals of Cleveland

4. Employer identification number

7805

5. Agent's name

University Hospitals Health System, Inc.

7. Agent's employer identification number

4775

8. Effective for (Check the box or boxes that apply)

- ☒ Employment taxes (Rev. Proc. 70-6)
☐ Backup withholding (Rev. Proc. 84-33)

3. Employer's or Payer's address (Number and street, city, town or post office, State and ZIP code)

11100 Euclid Avenue
Cleveland, OH 44106

6. Agent's address (Number and street, city, town or post office, State and ZIP code)

11100 Euclid Avenue-ROBE 151
Cleveland, OH 44106

9. If filing under Rev. Proc. 70-6, does this apply to all employees?

☒ Yes ☐ No

10. Effective date of appointment by employer or payer

April 1, 2003

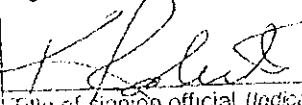
Under section 3504 of the Internal Revenue Code, please authorize this agent to do all that is required under (Check the one(s) that apply)

- ☒ Chapter 21 (FICA)
☐ Chapter 22 (Railroad Retirement)
☒ Chapter 24 --
☒ Withholding and/or
☐ Backup withholding
☒ Chapter 25 (General Provisions) of Subtitle C

The agent named above has been appointed either to pay wages for employers and/or report and deposit backup withholding amounts for payers. This appointment is effective on the date shown in item 10.

It is understood that the agent and the employer or payer are subject to all provisions of law and regulations (including penalties) which apply to employers or payers.

Signature of employer or payer



Date

12/19/02

Title of signing official (Indicate whether the person signing is an owner, partner, member of firm, fiduciary, or a corporate officer.)

Kevin Roberts, Sr. Vice President and CFO

For Internal Revenue Service Use Only

Effective date granted by IRS

For the Paperwork Reduction Act Notice, please see the back of this form.

Form 2678

Form 843, Line 7 – Explanation of Adjustments**University Hospitals of Cleveland****EIN:** [REDACTED] 7805**Quarters Ended March 31, June 30, September 30, and December 31, 2005**

Compensation was paid by University Hospitals of Cleveland (the taxpayer) to various student employees for services performed by such students as medical residents during the year ended December 31, 2005. The taxpayer treated these amounts as wages subject to FICA tax and withheld and remitted the employees' and employer's share of FICA taxes to the IRS. FICA tax is generally imposed on wages under Section 3121. However, Section 3121(b)(10) provides that if a service is performed in the employ of a school, college, or university, or an organization described in Section 509(a)(3) supporting a school, college or university, by a student who is "enrolled and regularly attending classes" at such school, college or university, those services are exempt from FICA tax.

This claim is being filed to request a refund of the applicable Section 3101 employees' tax and Section 3111 employer's tax that was paid to the IRS with respect to such wages paid to medical residents. The claim is based upon the position that the taxpayer is the employer of the residents, qualifies as a school, college or university (or related organization described in section 509(a)(3)), and that the medical residents qualify as students employed by the taxpayer under interpretations of section 3121(b)(10) and Treas. Reg. section 31.3121(b)(10)-2(c) prior to amendment by T.D. 9167. *Center for Family Medicine v. United States*, 2008 U.S. Dist. LEXIS 59816 (No. Civ.05-4049-KES, D.S.D. August 6, 2008), *United States v. Mount Sinai Medical Center of Florida, Inc.*, 2008 U.S. Dist. LEXIS 57808 (No. 02-22715-CIV-GOLD, S.D. Fla. July 28, 2008), *Regents of the University of Minnesota v. United States*, 2008 U.S. Dist. LEXIS 26263 (No. 06-5084 (RHK/JSM), D. Minn. April 1, 2008), *Mayo Foundation for Medical Education and Research and Mayo Clinic v. United States*, 503 F. Supp. 2d 1164 (D. Minn. 2007), *University of Chicago Hospitals v. United States*, 2006 U.S. Dist. LEXIS 68695 (No. 05 C 5120, N.D. Ill. Sept. 8, 2006), *Minnesota v. Apfel*, 151 F.3d 742 (8th Cir. 1998), and *United States v. Mayo Foundation for Medical Education and Research, and Mayo Foundation*, 282 F. Supp. 2d 997 (D. Minn. 2003).

Pursuant to Treas. Reg. Section 31.6402(a)-2(a) and Rev. Rul. 81-310, 1981-2 C.B. 241, the taxpayer hereby files a claim for refund of the overpaid Section 3101 employee and Section 3111 employer tax, as shown herein, together with interest thereon.

The taxpayer believes the primary function test and student status determination prescribed by Treas. Reg. Section 31.3121(b)(10)-2 as amended by T.D. 9167 is contrary to the legislative intent of Section 3121(b)(10) and is also contrary to the aforementioned judicial determinations. Because the taxpayer's refund claim is inconsistent with published regulatory authority, the taxpayer is including this notice of inconsistent treatment with its refund claim.

Form **941**
(Rev. January 1993)
Department of the Treasury
Internal Revenue Service

Employer's Quarterly Federal Tax Return

See separate instructions for information on completing this return

Please type or print

Enter state
code for state
in which
deposits were
made ONLY if
different from
state in
address to
the right (see
page 2 of
instructions)

CA

Name (as distinguished from trade name)

UNIVERSITY HOSPITALS HEALTH

Date quarter ended

03/31/2005

Trade name, if any

Employer identification number

4775

Address (number and street)

11100 EUCLID AVENUE

City, state and ZIP code

CLEVELAND, OH 44106-1736

Co # **ST/MZ25**

OMB No. 1545-0029

T

FF

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I

T

If address is
different
from prior
return, check
here ☐

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|
| 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 5 | 5 | 5 |
| 6 | 7 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 10 |

If you do not have to file returns in the future, check here ☐ and enter date final wages paid

If you are a seasonal employer, see Seasonal Employers on page 1 of the instructions and check here

| | | | | | | |
|----|---|-------------|----|------------------|-------------|------------|
| 1 | Number of employees in the pay period that includes March 12th | | 1 | 2 | 108,135,288 | 02 |
| 2 | Total wages and tips, plus other compensation | | | 3 | 15,362,676 | 88 |
| 3 | Total income tax withheld from wages, tips and sick pay | | | 4 | 0 | 00 |
| 4 | Adjustment of withheld income tax for preceding quarters of calendar year | | | 5 | 15,362,676 | 88 |
| 5 | Adjusted total of income tax withheld (line 3 as adjusted by line 4— see instructions) | | | 6b | 12,947,570 | 60 |
| 6 | 6a | 104,415,891 | 96 | x 12.4% (.124) = | 6d | 0 |
| | 6c | 0 | 00 | x 12.4% (.124) = | 7b | 3,235,048 |
| 7 | 7a | 111,553,411 | 43 | x 2.9% (.029) = | 8 | 16,182,619 |
| 8 | Total social security and Medicare taxes (add lines 6b, 6d and 7b). Check here if wages are not subject to social security and/or Medicare tax <input type="checkbox"/> | | | 9 | 0 | 00 |
| 9 | Adjustment of social security and Medicare taxes (see instructions for required explanation) Sick Pay \$ 0.00 Fractions of Cents \$ 0.00 Other \$ 0.00 | | | 10 | 16,182,619 | 53 |
| 10 | Adjusted total of social security and Medicare taxes (line 8 as adjusted by line 9— see instructions) | | | 11 | 31,545,296 | 41 |
| 11 | Total taxes (add lines 5 and 10) | | | 12 | 1,973 | 63 |
| 12 | Advance earned income credit (EIC) payments made to employees | | | 13 | 31,543,322 | 78 |
| 13 | Net taxes (subtract line 12 from line 11). If \$1,000 or more, this must equal line 17, column (d) below (or line D of Schedule B (Form 941)) | | | 14 | 31,570,001 | 11 |
| 14 | Total deposits for quarter, including overpayment applied from a prior quarter | | | 15 | | |
| 15 | Balance due (subtract line 14 from line 13). See instructions | | | | | |
| 16 | Overpayment. If line 14 is more than line 13, enter excess here \$ 26,678.33 and check if to be <input type="checkbox"/> Applied to next return OR <input checked="" type="checkbox"/> Refunded | | | | | |
| | • All filers: If line 13 is less than \$1000, you need not complete line 17 or Schedule B (Form 941) | | | | | |
| | • Semiweekly schedule depositors: Complete Schedule B (Form 941) and check here <input checked="" type="checkbox"/> | | | | | |
| | • Monthly schedule depositors: Complete line 17, columns (a) through | | | | | |

| | | | |
|--|----------------------------|---------------------------|---------------------------------|
| 17. Monthly Summary of Federal Tax Liability. Do not complete if you were a semiweekly schedule depositor. | | | |
| (a) First month liability | (b) Second month liability | (c) Third month liability | (d) Total liability for quarter |
| | | | |

Sign
Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature

Janet B Michels

Print your
Name and Title

JANET B MICHELS
ADP ATTY-IN-FACT

Date

4/1

Form

For Privacy Act and Paperwork Reduction Act Notice, see back of form.

Cat. No. 17001Z

**SCHEDULE B
(FORM 941)**

 (Rev. November 1998)
 Department of the Treasury
 Internal Revenue Service

Employer's Record of Federal Tax Liability

See Circular E for more information about employment tax returns.

OMB No. 1545-0029

5151

Attach to Form 941 or 941-SS

Name as shown on Form 941 (or Form 941-SS)

Employer identification number

Date quarter ended

UNIVERSITY HOSPITALS HEALTH SY

4775

03/31/2005

You must complete this schedule if you are required to deposit on a semiweekly schedule, or if your tax liability on any day is \$100,000 or more. Show tax liability here, not deposits. (The IRS gets deposit data from FTA coupons or EFTPS.)

A. Daily Tax Liability--First Month of Quarter

| | | | | | | | | | |
|---|----------|----|--------------|----|----------|----|--------------|----|----------------------|
| 1 | | 8 | | 15 | 3,458,35 | 22 | | 29 | |
| 2 | | 9 | | 16 | | 23 | | 30 | |
| 3 | 941,90 | 10 | | 17 | | 24 | | 31 | 1,613,039,59 |
| 4 | 4,920,43 | 11 | | 18 | | 25 | | | |
| 5 | 2,234,82 | 12 | | 19 | | 26 | | | |
| 6 | 8,621,59 | 13 | 3,731,918,67 | 20 | | 27 | 3,968,433,03 | | |
| 7 | 899,96 | 14 | 2,593,574,82 | 21 | | 28 | 195,805,27 | | |
| A Total tax liability for first month of quarter | | | | | | | | | 12,123,848,43 |

B. Daily Tax Liability--Second Month of Quarter

| | | | | | | | | | |
|--|--|----|--------------|----|------------|----|--------------|----|---------------------|
| 1 | | 8 | | 15 | 866,150,04 | 22 | | 29 | |
| 2 | | 9 | | 16 | | 23 | | 30 | |
| 3 | | 10 | 3,702,432,41 | 17 | | 24 | 3,698,610,71 | 31 | |
| 4 | | 11 | 199,543,50 | 18 | | 25 | 197,245,03 | | |
| 5 | | 12 | | 19 | | 26 | | | |
| 6 | | 13 | | 20 | | 27 | | | |
| 7 | | 14 | | 21 | | 28 | 908,940,45 | | |
| B Total tax liability for second month of quarter | | | | | | | | | 9,572,922,14 |

C. Daily Tax Liability--Third Month of Quarter

| | | | | | | | | | |
|--|------------|----|--------------|----|------------|----|--------------|----|----------------------|
| 1 | 277,243,63 | 8 | | 15 | 845,941,78 | 22 | | 29 | |
| 2 | | 9 | | 16 | | 23 | | 30 | |
| 3 | | 10 | 3,696,389,57 | 17 | | 24 | 3,750,242,49 | 31 | 881,887,27 |
| 4 | | 11 | 196,718,15 | 18 | | 25 | 198,129,32 | | |
| 5 | | 12 | | 19 | | 26 | | | |
| 6 | | 13 | | 20 | | 27 | | | |
| 7 | | 14 | | 21 | | 28 | | | |
| C Total tax liability for third month of quarter | | | | | | | | | 9,846,552,21 |
| D Total for quarter (add lines A, B and C). This should equal line 13 of Form 941 (or line 10 of Form 941SS). | | | | | | | | | 31,543,322,78 |

For Paperwork Reduction Act Notice, see page 2

Cat. No. 11967Q

Schedule B (Form 941) (Rev. 11-98)

Co # ST/MZ25

Form **941**
(Rev. January 1999)
Department of the Treasury
Internal Revenue Service

Employer's Quarterly Federal Tax Return

See separate instructions for information on completing this return

Please type or print

Enter state
code for state
in which
deposits were
made ONLY if
different from
state in
address to
the right (see
page 2 of
instructions)

CA

Name (as distinguished from trade name)

UNIVERSITY HOSPITALS HEALTH

Date quarter ended
06/30/2005

Trade name, if any

Employer identification number

4775

Address (number and street)

11100 EUCLID AVENUE

City, state and ZIP code

CLEVELAND, OH 44106-1736

Co # **ST/MZ25**

OMB No. 1545-0029

T

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T

If address is
different
from prior
return, check
here ☐

IRS Use

| | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|
| 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 5 | 5 | 5 |
| 6 | 7 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 10 |

If you do not have to file returns in the future, check here ☐ and enter date final wages paid

If you are a seasonal employer, see Seasonal Employers on page 1 of the instructions and check here ☐

| | | | | | |
|----|---|---|----|-------------|----|
| 1 | Number of employees in the pay period that includes March 12th | 1 | 2 | 126,183,205 | 57 |
| 2 | Total wages and tips, plus other compensation | | 3 | 18,571,999 | 91 |
| 3 | Total income tax withheld from wages, tips and sick pay | | 4 | 0 | 00 |
| 4 | Adjustment of withheld income tax for preceding quarters of calendar year | | 5 | 18,571,999 | 91 |
| 5 | Adjusted total of income tax withheld (line 3 as adjusted by line 4-- see instructions) | | 6a | 117,822,711 | 77 |
| 6 | Taxable social security wages | | 6b | 14,610,016 | 25 |
| | Taxable social security tips | | 6c | 0 | 00 |
| 7 | Taxable Medicare wages and tips | | 7a | 130,984,761 | 82 |
| 8 | Total social security and Medicare taxes (add lines 6b, 6d and 7b). Check here if wages are not subject to social security and/or Medicare tax <input type="checkbox"/> | | 8 | 18,408,574 | 34 |
| 9 | Adjustment of social security and Medicare taxes (see instructions for required explanation) Sick Pay \$ 12,395.52 Fractions of Cents \$ 0.00 Other \$ 0.00 | | 9 | 12,395 | 52 |
| 10 | Adjusted total of social security and Medicare taxes (line 8 as adjusted by line 9-- see instructions) | | 10 | 18,420,969 | 86 |
| 11 | Total taxes (add lines 5 and 10) | | 11 | 36,992,969 | 77 |
| 12 | Advance earned income credit (EIC) payments made to employees | | 12 | 1,942 | 77 |
| 13 | Net taxes (subtract line 12 from line 11). If \$1,000 or more, this must equal line 17, column (d) below (or line D of Schedule B (Form 941)) | | 13 | 36,991,027 | 00 |
| 14 | Total deposits for quarter, including overpayment applied from a prior quarter | | 14 | 36,982,387 | 31 |
| 15 | Balance due (subtract line 14 from line 13). See instructions | | 15 | 8,639 | 69 |

Overpayment. If line 14 is more than line 13, enter excess here \$ ☐ Applied to next return OR ☐ Refunded

All filers: If line 13 is less than \$1000, you need not complete line 17 or Schedule B (Form 941) ☒

Semiweekly schedule depositors: Complete Schedule B (Form 941) and check here ☐

Monthly schedule depositors: Complete line 17, columns (a) through ☐

| 17. Monthly Summary of Federal Tax Liability. Do not complete if you were a semiweekly schedule depositor. | | | |
|--|----------------------------|---------------------------|---------------------------------|
| (a) First month liability | (b) Second month liability | (c) Third month liability | (d) Total liability for quarter |
| | | | |

Sign
Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature

J. B. Michels

Print your
Name and Title

JANET B MICHELS
ADP ATTY-IN-FACT

Date 7/29/2005

For Privacy Act and Paperwork Reduction Act Notice, see back of form.

Cat. No. 170012

Form 941 (Rev. 1-99)

**SCHEDULE B
(FORM 941)**(Rev. November 1998)
Department of the Treasury
Internal Revenue Service**Employer's Record of Federal Tax Liability**

See Circular E for more information about employment tax returns.

OMB No. 1545-0029

5151

Attach to Form 941 or 941-SS

Name as shown on Form 941 (or Form 941-SS)

Employer identification number

Date quarter ended

UNIVERSITY HOSPITALS HEALTH SY

4775

06/30/2005

You must complete this schedule if you are required to deposit on a semiweekly schedule, or if your tax liability on any day is \$100,000 or more. Show tax liability here, not deposits. (The IRS gets deposit data from FTA coupons or EFTPS.)

A. Daily Tax Liability--First Month of Quarter

| | | | | | | | | | |
|---|--------------|----|------------|----|--------------|----|------------|----|----------------------|
| 1 | | 8 | 232,759.43 | 15 | 1,135,701.49 | 22 | 198,292.54 | 29 | 1,509,882.17 |
| 2 | | 9 | | 16 | | 23 | | 30 | |
| 3 | | 10 | | 17 | | 24 | | 31 | |
| 4 | 1,338,212.36 | 11 | | 18 | | 25 | | | |
| 5 | | 12 | | 19 | | 26 | | | |
| 6 | | 13 | | 20 | | 27 | | | |
| 7 | 4,672,205.62 | 14 | 365,648.00 | 21 | 3,740,317.23 | 28 | | | |
| A Total tax liability for first month of quarter | | | | | | | | | 13,193,018.84 |

B. Daily Tax Liability--Second Month of Quarter

| | | | | | | | | | |
|--|--------------|----|------------|----|--------------|----|--------|----|---------------------|
| 1 | | 8 | | 15 | | 22 | | 29 | |
| 2 | | 9 | | 16 | | 23 | | 30 | |
| 3 | | 10 | | 17 | | 24 | | 31 | 811,235.21 |
| 4 | | 11 | | 18 | | 25 | | | |
| 5 | 3,918,094.64 | 12 | | 19 | 4,048,648.43 | 26 | | | |
| 6 | 212,976.27 | 13 | 800,632.31 | 20 | 205,139.87 | 27 | 159.14 | | |
| 7 | | 14 | | 21 | | 28 | | | |
| B Total tax liability for second month of quarter | | | | | | | | | 9,996,885.87 |

C. Daily Tax Liability--Third Month of Quarter

| | | | | | | | | | |
|--|--------------|----|--|----|--------------|----|--|----|----------------------|
| 1 | | 8 | | 15 | 660,432.68 | 22 | | 29 | |
| 2 | | 9 | | 16 | 3,769,947.98 | 23 | | 30 | 5,128,335.59 |
| 3 | 4,036,988.37 | 10 | | 17 | 205,417.67 | 24 | | 31 | |
| 4 | | 11 | | 18 | | 25 | | | |
| 5 | | 12 | | 19 | | 26 | | | |
| 6 | | 13 | | 20 | | 27 | | | |
| 7 | | 14 | | 21 | | 28 | | | |
| C Total tax liability for third month of quarter | | | | | | | | | 13,801,122.29 |
| D Total for quarter (add lines A, B and C). This should equal line 13 of Form 941 (or line 10 of Form 941SS). | | | | | | | | | 36,991,027.00 |

For Paperwork Reduction Act Notice, see page 2

Cat. No. 11967Q

Schedule B (Form 941) (Rev. 11-98)

Co # ST/MZ25

Form **941**
(Rev. January 1999)
Department of the Treasury
Internal Revenue Service

Employer's Quarterly Federal Tax Return

See separate instructions for information on completing this return

Please type or print

Enter state
code for state
in which
deposits were
made ONLY if
different from
state in
address to
the right (see
page 2 of
instructions)

CA

Name (as distinguished from trade name)

UNIVERSITY HOSPITALS HEALTH

Date quarter ended

09/30/2005

Trade name, if any

Employer identification number

4775

Address (number and street)

11100 EUCLID AVENUE

City, state and ZIP code

CLEVELAND, OH 44106-1736

Co # **ST/MZ25**

OMB No. 1545-0029

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If address is
different
from prior
return, check
here ☐

IRS Use

| | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|----|----|----|
| 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 5 | 5 | 5 |
| 6 | 7 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |

If you do not have to file returns in the future, check here ☐ and enter date final wages paid

If you are a seasonal employer, see Seasonal Employers on page 1 of the instructions and check here

| | | | | | | |
|----|---|-------------|----|------------------|-------------|-----------|
| 1 | Number of employees in the pay period that includes March 12th | | 1 | 2 | 107,010,236 | 91 |
| 2 | Total wages and tips, plus other compensation | | | 3 | 14,744,839 | 84 |
| 3 | Total income tax withheld from wages, tips and sick pay | | | 4 | 0 | 00 |
| 4 | Adjustment of withheld income tax for preceding quarters of calendar year | | | 5 | 14,744,839 | 84 |
| 5 | Adjusted total of income tax withheld (line 3 as adjusted by line 4— see instructions) | | | 6b | 12,014,629 | 86 |
| 6 | 6a | 96,892,176 | 36 | x 12.4% (.124) = | 6d | 0 |
| | 6c | 0 | 00 | x 12.4% (.124) = | 6d | 0 |
| 7 | 7a | 111,499,239 | 10 | x 2.9% (.029) = | 7b | 3,233,477 |
| 8 | Total social security and Medicare taxes (add lines 6b, 6d and 7b). Check here if wages are not subject to social security and/or Medicare tax <input type="checkbox"/> | | | 8 | 15,248,107 | 79 |
| 9 | Adjustment of social security and Medicare taxes (see instructions for required explanation) Sick Pay \$ 28,833.73 Fractions of Cents \$ 0.00 Other \$ 0.00 | | | 9 | 28,833 | 73 |
| 10 | Adjusted total of social security and Medicare taxes (line 8 as adjusted by line 9— see instructions) | | | 10 | 15,276,941 | 52 |
| 11 | Total taxes (add lines 5 and 10) | | | 11 | 30,021,781 | 36 |
| 12 | Advance earned income credit (EIC) payments made to employees | | | 12 | 1,134 | 44 |
| 13 | Net taxes (subtract line 12 from line 11). If \$1,000 or more, this must equal line 17, column (d) below (or line D of Schedule B (Form 941)) | | | 13 | 30,020,646 | 92 |
| 14 | Total deposits for quarter, including overpayment applied from a prior quarter | | | 14 | 29,963,020 | 72 |
| 15 | Balance due (subtract line 14 from line 13). See instructions | | | 15 | 57,626 | 20 |
| 16 | Overpayment. If line 14 is more than line 13, enter excess here \$ and check if to be <input type="checkbox"/> Applied to next return OR <input type="checkbox"/> Refunded | | | | | |
| | * All filers: If line 13 is less than \$1000, you need not complete line 17 or Schedule B (Form 941) | | | | | |
| | * Semiweekly schedule depositors: Complete Schedule B (Form 941) and check here <input checked="" type="checkbox"/> | | | | | |
| | * Monthly schedule depositors: Complete line 17, columns (a) through | | | | | |

| | | | |
|--|----------------------------|---------------------------|---------------------------------|
| 17. Monthly Summary of Federal Tax Liability. Do not complete if you were a semiweekly schedule depositor. | | | |
| (a) First month liability | (b) Second month liability | (c) Third month liability | (d) Total liability for quarter |
| | | | |

Sign
Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature

Janet B Michels

Print your
Name and Title

JANET B MICHELS
ADP ATTY-IN-FACT

Date 10/26/2005

For Privacy Act and Paperwork Reduction Act Notice, see back of form.

Cat. No. 17001Z

Form 941 (Rev. 1-99)

SCHEDULE B
(FORM 941)
(Rev. November 1998)
Department of the Treasury
Internal Revenue Service

Employer's Record of Federal Tax Liability

See Circular E for more information about employment tax returns.

OMB No. 1545-0029

5151

Attach to Form 941 or 941-SS

Name as shown on Form 941 (or Form 941-SS)

Employer identification number

Date quarter ended

UNIVERSITY HOSPITALS HEALTH SY

4775

09/30/2005

You must complete this schedule if you are required to deposit on a semiweekly schedule, or if your tax liability on any day is \$100,000 or more. Show tax liability here, not deposits. (The IRS gets deposit data from FTA coupons or EFTPS.)

A. Daily Tax Liability--First Month of Quarter

| | | | | | | | | | |
|---|------------|----|--------------|----|------------|----|--------------|----|----------------------|
| 1 | 203,789.31 | 8 | | 15 | 904,022.78 | 22 | | 29 | 1,420,585.17 |
| 2 | | 9 | | 16 | | 23 | | 30 | |
| 3 | | 10 | | 17 | | 24 | | 31 | |
| 4 | | 11 | | 18 | | 25 | | | |
| 5 | | 12 | | 19 | | 26 | | | |
| 6 | | 13 | | 20 | | 27 | | | |
| 7 | | 14 | 3,829,567.63 | 21 | | 28 | 4,125,049.49 | | |
| A Total tax liability for first month of quarter | | | | | | | | | 10,483,014.38 |

B. Daily Tax Liability--Second Month of Quarter

| | | | | | | | | | |
|--|--|----|--------------|----|------------|----|--------------|----|---------------------|
| 1 | | 8 | | 15 | 683,146.55 | 22 | | 29 | |
| 2 | | 9 | | 16 | | 23 | | 30 | |
| 3 | | 10 | | 17 | | 24 | | 31 | 808,480.32 |
| 4 | | 11 | 3,899,577.54 | 18 | | 25 | 3,929,425.36 | | |
| 5 | | 12 | 205,842.85 | 19 | | 26 | 206,504.36 | | |
| 6 | | 13 | | 20 | | 27 | | | |
| 7 | | 14 | | 21 | | 28 | | | |
| B Total tax liability for second month of quarter | | | | | | | | | 9,732,976.98 |

C. Daily Tax Liability--Third Month of Quarter

| | | | | | | | | | |
|--|--|----|--------------|----|------------|----|--------------|----|----------------------|
| 1 | | 8 | | 15 | 693,958.10 | 22 | 3,945,082.76 | 29 | 432.72 |
| 2 | | 9 | 4,056,124.25 | 16 | | 23 | 203,107.05 | 30 | 904,753.87 |
| 3 | | 10 | | 17 | | 24 | | 31 | |
| 4 | | 11 | | 18 | | 25 | | | |
| 5 | | 12 | | 19 | | 26 | 993.28 | | |
| 6 | | 13 | | 20 | | 27 | 203.53 | | |
| 7 | | 14 | | 21 | | 28 | | | |
| C Total tax liability for third month of quarter | | | | | | | | | 9,804,655.56 |
| D Total for quarter (add lines A, B and C). This should equal line 13 of Form 941 (or line 10 of Form 941SS). | | | | | | | | | 30,020,646.92 |

For Paperwork Reduction Act Notice, see page 2

Cat. No. 11967Q

Schedule B (Form 941) (Rev. 11-98)

Co # ST/MZ25

Form **941**
(Rev. January 1993)
Department of the Treasury
Internal Revenue Service

Employer's Quarterly Federal Tax Return

See separate instructions for information on completing this return

Please type or print

Enter state
code for state
in which
deposits were
made ONLY if
different from
state in
address to
the right (see
page 2 of
instructions)

CA

Name (as distinguished from trade name)

UNIVERSITY HOSPITALS HEALTH 12/31/2005

Date quarter ended

Trade name, if any

Employer identification number

4775

Address (number and street)

11100 EUCLID AVENUE

City, state and ZIP code

CLEVELAND, OH 44106-1736

Co # **ST/MZ25**

OMB No. 1545-0029

T

FF

FD

EP

I

T

If address is
different
from prior
return, check
here ☐

IRS Use

| | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|
| 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 5 | 5 | 5 |
| 6 | 7 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 10 |

If you do not have to file returns in the future, check here ☐ and enter date final wages paid

If you are a seasonal employer, see Seasonal Employers on page 1 of the instructions and check here ☐

| | | | |
|----|---|-------------|---------------------|
| 1 | Number of employees in the pay period that includes March 12th | 1 | |
| 2 | Total wages and tips, plus other compensation | 125,713,050 | 57 |
| 3 | Total income tax withheld from wages, tips and sick pay | 17,554,418 | 58 |
| 4 | Adjustment of withheld income tax for preceding quarters of calendar year | 0 | 00 |
| 5 | Adjusted total of income tax withheld (line 3 as adjusted by line 4-- see instructions) | 17,554,418 | 58 |
| 6 | Taxable social security wages | 6a | 108,767,029 |
| | | | 29 x 12.4% (.124) = |
| | Taxable social security tips | 6c | 0 |
| | | | 00 x 12.4% (.124) = |
| 7 | Taxable Medicare wages and tips | 7a | 130,477,598 |
| | | | 19 x 2.9% (.029) = |
| 8 | Total social security and Medicare taxes (add lines 6b, 6d and 7b). Check here if wages are not subject to social security and/or Medicare tax <input type="checkbox"/> | 8 | 17,270,961 |
| 9 | Adjustment of social security and Medicare taxes (see instructions for required explanation) Sick Pay \$ 0.00 Fractions of Cents \$ 0.00 Other \$ 0.00 | 9 | 0 |
| 10 | Adjusted total of social security and Medicare taxes (line 8 as adjusted by line 9-- see instructions) | 10 | 17,270,961 |
| 11 | Total taxes (add lines 5 and 10) | 11 | 34,825,380 |
| 12 | Advance earned income credit (EIC) payments made to employees | 12 | 1,297 |
| 13 | Net taxes (subtract line 12 from line 11). If \$1,000 or more, this must equal line 17, column (d) below (or line D of Schedule B (Form 941)). | 13 | 34,824,083 |
| 14 | Total deposits for quarter, including overpayment applied from a prior quarter | 14 | 34,868,101 |
| 15 | Balance due (subtract line 14 from line 13). See instructions | 15 | |
| 16 | Overpayment. If line 14 is more than line 13, enter excess here \$ 44,018.68 and check if to be: <input type="checkbox"/> Applied to next return OR <input checked="" type="checkbox"/> Refunded | | |
| | All filers: If line 13 is less than \$1000, you need not complete line 17 or Schedule B (Form 941) | | |
| | Semiweekly schedule depositors: Complete Schedule B (Form 941) and check here <input checked="" type="checkbox"/> | | |
| | Monthly schedule depositors: Complete line 17, columns (a) through <input type="checkbox"/> | | |

17. Monthly Summary of Federal Tax Liability. Do not complete if you were a semiweekly schedule depositor.

| (a) First month liability | (b) Second month liability | (c) Third month liability | (d) Total liability for quarter |
|---------------------------|----------------------------|---------------------------|---------------------------------|
| | | | |

Sign
Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature

JANET B MICHELS

Print your
Name and Title

JANET B MICHELS
ADP ATTY-IN-FACT

Date 1/28/2006

For Privacy Act and Paperwork Reduction Act Notice, see back of form.

Cat. No. 17001Z

Form 941 (Rev. 1-99)

SCHEDULE B
(FORM 941)
(Rev. November 1998)
Department of the Treasury
Internal Revenue Service

Employer's Record of Federal Tax Liability

See Circular E for more information about employment tax returns.

OMB No. 1545-0029

5151

Attach to Form 941 or 941-SS

Name as shown on Form 941 (or Form 941-SS)

Employer identification number

Date quarter ended

UNIVERSITY HOSPITALS HEALTH SY

4775

12/31/2005

You must complete this schedule if you are required to deposit on a semiweekly schedule, or if your tax liability on any day is \$100,000 or more. Show tax liability here, not deposits. (The IRS gets deposit data from FTA coupons or EFTPS.)

A. Daily Tax Liability--First Month of Quarter

| | | | | | | | | | |
|---|--------------|----|------------|----|--------------|----|--|----|----------------------|
| 1 | | 8 | | 15 | | 22 | | 29 | |
| 2 | | 9 | | 16 | | 23 | | 30 | |
| 3 | | 10 | | 17 | | 24 | | 31 | 1,165,167.39 |
| 4 | | 11 | | 18 | | 25 | | | |
| 5 | | 12 | | 19 | | 26 | | | |
| 6 | 3,901,334.06 | 13 | | 20 | 3,950,487.82 | 27 | | | |
| 7 | 202,161.16 | 14 | 699,703.78 | 21 | 203,801.09 | 28 | | | |
| A Total tax liability for first month of quarter | | | | | | | | | 10,122,655.30 |

B. Daily Tax Liability--Second Month of Quarter

| | | | | | | | | | |
|--|--------------|----|--|----|--------------|----|--|----|----------------------|
| 1 | | 8 | | 15 | 873,444.68 | 22 | | 29 | |
| 2 | | 9 | | 16 | | 23 | | 30 | 859,109.86 |
| 3 | 4,083,722.51 | 10 | | 17 | 3,981,465.61 | 24 | | 31 | |
| 4 | 220,598.56 | 11 | | 18 | 210,164.19 | 25 | | | |
| 5 | | 12 | | 19 | | 26 | | | |
| 6 | | 13 | | 20 | | 27 | | | |
| 7 | | 14 | | 21 | | 28 | | | |
| B Total tax liability for second month of quarter | | | | | | | | | 10,228,505.41 |

C. Daily Tax Liability--Third Month of Quarter

| | | | | | | | | | |
|--|--------------|----|--|----|--------------|----|--|----|----------------------|
| 1 | 3,882,444.98 | 8 | | 15 | 4,881,964.51 | 22 | | 29 | |
| 2 | 205,335.64 | 9 | | 16 | 252,672.51 | 23 | | 30 | 5,145,036.49 |
| 3 | | 10 | | 17 | | 24 | | 31 | 105,468.44 |
| 4 | | 11 | | 18 | | 25 | | | |
| 5 | | 12 | | 19 | | 26 | | | |
| 6 | | 13 | | 20 | | 27 | | | |
| 7 | | 14 | | 21 | | 28 | | | |
| C Total tax liability for third month of quarter | | | | | | | | | 14,472,922.57 |
| D Total for quarter (add lines A, B and C). This should equal line 13 of Form 941 (or line 10 of Form 941SS). | | | | | | | | | 34,824,083.28 |

For Paperwork Reduction Act Notice, see page 2

CaL No. 11967Q

Schedule B (Form 941) (Rev. 11-98)

Co # ST/MZ25

| BOX 3 Social Security Wages | BOX 4 Social Security Tax W/H | BOX 5 Medicare Wages | BOX 6 Medicare Tax W/H | |
|--------------------------------|----------------------------------|-------------------------|---------------------------|-------------|
| 90,000.00 | 5,580.00 | 181,229.57 | 2,627.83 | (91,229.57) |
| 34,290.62 | 2,126.02 | 34,290.62 | 497.21 | |
| 39,907.32 | 2,474.25 | 39,907.32 | 578.66 | |
| 20,606.61 | 1,277.61 | 20,606.61 | 298.80 | |
| 40,893.69 | 2,535.41 | 40,893.69 | 592.96 | |
| 45,412.78 | 2,815.59 | 45,412.78 | 658.49 | |
| 21,642.93 | 1,341.86 | 21,642.93 | 313.82 | |
| 41,581.57 | 2,576.82 | 41,581.57 | 602.64 | |
| 1,677.80 | 104.02 | 1,677.80 | 24.33 | |
| 22,030.62 | 1,365.90 | 22,030.62 | 319.44 | |
| 22,822.06 | 1,414.97 | 22,822.06 | 330.92 | |
| 40,355.69 | 2,502.05 | 40,355.69 | 585.16 | |
| 40,331.48 | 2,500.55 | 40,331.48 | 584.81 | |
| 42,536.97 | 2,637.29 | 42,536.97 | 616.79 | |
| 20,745.35 | 1,286.21 | 20,745.35 | 300.81 | |
| 26,899.35 | 1,667.76 | 26,899.35 | 390.04 | |
| 40,817.57 | 2,530.69 | 40,817.57 | 591.85 | |
| 90,000.00 | 5,580.00 | 101,149.48 | 1,466.67 | (11,149.48) |
| 44,323.27 | 2,748.04 | 44,323.27 | 642.69 | |
| 30,991.93 | 1,921.50 | 30,991.93 | 449.38 | |
| 22,086.93 | 1,369.39 | 22,086.93 | 320.26 | |
| 16,960.93 | 1,051.58 | 16,960.93 | 245.93 | |
| 43,409.57 | 2,691.39 | 43,409.57 | 629.44 | |
| 22,144.52 | 1,372.96 | 22,144.52 | 321.10 | |
| 19,934.75 | 1,235.95 | 19,934.75 | 289.05 | |
| 21,867.62 | 1,355.79 | 21,867.62 | 317.08 | |
| 42,995.57 | 2,665.73 | 42,995.57 | 623.44 | |
| 22,540.52 | 1,397.51 | 22,540.52 | 326.84 | |
| 43,583.57 | 2,702.18 | 43,583.57 | 631.96 | |
| 22,540.52 | 1,397.51 | 22,540.52 | 326.84 | |
| 45,666.34 | 2,831.31 | 45,666.34 | 662.16 | |
| 43,072.37 | 2,670.49 | 43,072.37 | 624.55 | |
| 21,189.35 | 1,313.74 | 21,189.35 | 307.25 | |
| 20,745.35 | 1,286.21 | 20,745.35 | 300.81 | |
| 42,615.34 | 2,642.15 | 42,615.34 | 617.92 | |
| 42,352.97 | 2,625.88 | 42,352.97 | 614.12 | |
| 21,642.93 | 1,341.86 | 21,642.93 | 313.82 | |
| 36,973.73 | 2,292.37 | 36,973.73 | 536.12 | |
| 42,832.34 | 2,655.61 | 42,832.34 | 621.07 | |
| 21,446.08 | 1,329.66 | 21,446.08 | 310.97 | |
| 41,437.57 | 2,569.13 | 41,437.57 | 600.84 | |
| 21,642.93 | 1,341.86 | 21,642.93 | 313.82 | |
| 42,822.07 | 2,654.97 | 42,822.07 | 620.92 | |
| 40,109.34 | 2,486.78 | 40,109.34 | 581.59 | |
| 27,350.52 | 1,695.73 | 27,350.52 | 396.58 | |
| 8,520.01 | 528.24 | 8,520.01 | 123.54 | |
| 44,655.34 | 2,768.63 | 44,655.34 | 647.50 | |
| 20,713.65 | 1,264.25 | 20,713.65 | 300.35 | |
| 40,250.24 | 2,495.51 | 40,250.24 | 583.63 | |
| 22,312.60 | 1,383.38 | 22,312.60 | 323.53 | |
| 41,034.65 | 2,544.15 | 41,034.65 | 595.00 | |
| 42,899.41 | 2,659.76 | 42,899.41 | 622.04 | |
| 39,326.27 | 2,438.23 | 39,326.27 | 570.23 | |
| 21,011.73 | 1,302.73 | 21,011.73 | 304.67 | |
| 30,243.75 | 1,875.12 | 30,243.75 | 438.54 | |
| 40,949.57 | 2,538.87 | 40,949.57 | 593.77 | |
| 56,292.57 | 3,490.14 | 56,292.57 | 816.24 | |
| 20,543.03 | 1,273.67 | 20,543.03 | 297.87 | |
| 40,785.69 | 2,528.71 | 40,785.69 | 591.39 | |
| 22,086.93 | 1,369.39 | 22,086.93 | 320.26 | |
| 34,817.76 | 2,158.70 | 34,817.76 | 504.86 | |
| 45,509.80 | 2,821.61 | 45,509.80 | 659.89 | |
| 47,107.54 | 2,920.67 | 47,107.54 | 683.06 | |
| 20,975.03 | 1,300.45 | 20,975.03 | 304.14 | |
| 20,429.93 | 1,266.66 | 20,429.93 | 296.23 | |
| 42,188.60 | 2,615.69 | 42,188.60 | 611.73 | |
| 19,317.38 | 1,197.68 | 19,317.38 | 280.10 | |

| BOX 3 | BOX 4 | BOX 5 | BOX 6 |
|-----------------------|-------------------------|----------------|------------------|
| Social Security Wages | Social Security Tax W/H | Medicare Wages | Medicare Tax W/H |
| 45,519.34 | 2,822.20 | 45,519.34 | 660.03 |
| 21,641.72 | 1,341.79 | 21,641.72 | 313.80 |
| 30,430.37 | 1,886.88 | 30,430.37 | 441.24 |
| 53,605.62 | 3,323.55 | 53,605.62 | 777.28 |
| 23,158.53 | 1,435.83 | 23,158.53 | 335.80 |
| 39,877.04 | 2,472.38 | 39,877.04 | 578.22 |
| 42,205.85 | 2,616.76 | 42,205.85 | 611.98 |
| - | - | - | - |
| 42,593.57 | 2,640.80 | 42,593.57 | 617.61 |
| - | - | - | - |
| 43,569.57 | 2,701.31 | 43,569.57 | 631.76 |
| 36,439.59 | 2,259.25 | 36,439.59 | 528.37 |
| - | - | - | - |
| 21,532.59 | 1,335.02 | 21,532.59 | 312.22 |
| 45,269.02 | 2,806.68 | 45,269.02 | 656.40 |
| 42,514.37 | 2,635.89 | 42,514.37 | 616.46 |
| 22,086.93 | 1,369.39 | 22,086.93 | 320.26 |
| 41,297.97 | 2,560.47 | 41,297.97 | 598.82 |
| 41,993.57 | 2,603.60 | 41,993.57 | 608.91 |
| 20,754.93 | 1,286.81 | 20,754.93 | 300.95 |
| 42,142.89 | 2,612.86 | 42,142.89 | 611.07 |
| 21,073.43 | 1,306.55 | 21,073.43 | 305.56 |
| 26,096.64 | 1,617.99 | 26,096.64 | 378.40 |
| 21,652.52 | 1,342.46 | 21,652.52 | 313.96 |
| 21,642.93 | 1,341.86 | 21,642.93 | 313.82 |
| 58,756.88 | 3,642.93 | 58,756.88 | 851.97 |
| 20,229.35 | 1,254.22 | 20,229.35 | 293.33 |
| 44,310.46 | 2,747.25 | 44,310.46 | 842.50 |
| 21,652.52 | 1,342.46 | 21,652.52 | 313.96 |
| 21,186.93 | 1,313.59 | 21,186.93 | 307.21 |
| 32,392.78 | 2,008.35 | 32,392.78 | 469.70 |
| 21,637.77 | 1,341.54 | 21,637.77 | 313.75 |
| 28,759.55 | 1,783.09 | 28,759.55 | 417.01 |
| 25,849.16 | 1,602.65 | 25,849.16 | 374.81 |
| 51,239.04 | 3,178.82 | 51,239.04 | 742.97 |
| 53,145.34 | 3,295.01 | 53,145.34 | 770.61 |
| 21,854.75 | 1,354.99 | 21,854.75 | 316.89 |
| 41,615.38 | 2,580.15 | 41,615.38 | 603.42 |
| 42,573.72 | 2,639.57 | 42,573.72 | 617.32 |
| 41,561.57 | 2,576.82 | 41,561.57 | 602.64 |
| 45,237.22 | 2,804.71 | 45,237.22 | 655.94 |
| 21,642.93 | 1,341.86 | 21,642.93 | 313.82 |
| 44,391.34 | 2,752.26 | 44,391.34 | 643.67 |
| 970.00 | 60.14 | 970.00 | 14.07 |
| 23,699.21 | 1,469.35 | 23,699.21 | 343.64 |
| 21,642.93 | 1,341.86 | 21,642.93 | 313.82 |
| 40,589.12 | 2,516.53 | 40,589.12 | 588.54 |
| 20,754.93 | 1,286.81 | 20,754.93 | 300.95 |
| 21,678.93 | 1,344.09 | 21,678.93 | 314.34 |
| 42,593.57 | 2,640.80 | 42,593.57 | 617.61 |
| 64,427.97 | 3,994.53 | 64,427.97 | 934.21 |
| 23,437.50 | 1,453.13 | 23,437.50 | 339.84 |
| 44,793.57 | 2,777.20 | 44,793.57 | 649.51 |
| 21,642.93 | 1,341.86 | 21,642.93 | 313.82 |
| 18,495.31 | 1,146.71 | 18,495.31 | 268.18 |
| 18,001.31 | 1,116.08 | 18,001.31 | 261.02 |
| 26,381.61 | 1,635.66 | 26,381.61 | 382.53 |
| 22,416.08 | 1,389.80 | 22,416.08 | 325.03 |
| 20,229.35 | 1,254.22 | 20,229.35 | 293.33 |
| 44,391.34 | 2,752.26 | 44,391.34 | 643.67 |
| 21,642.93 | 1,341.86 | 21,642.93 | 313.82 |
| 24,241.60 | 1,502.98 | 24,241.60 | 351.50 |
| 42,717.57 | 2,648.49 | 42,717.57 | 619.40 |
| 41,971.65 | 2,602.24 | 41,971.65 | 608.59 |
| - | - | - | - |
| - | - | - | - |
| 44,360.78 | 2,750.37 | 44,360.78 | 643.23 |
| 23,765.40 | 1,473.45 | 23,765.40 | 344.60 |
| 7,003.14 | 434.19 | 7,003.14 | 101.55 |
| - | - | - | - |
| 47,121.30 | 2,921.52 | 47,121.30 | 683.26 |
| 47,864.98 | 2,967.63 | 47,864.98 | 694.04 |
| 39,009.69 | 2,418.60 | 39,009.69 | 565.64 |
| 23,347.77 | 1,447.56 | 23,347.77 | 338.54 |

| BOX 3 | BOX 4 | BOX 5 | BOX 6 |
|-----------------------|-------------------------|----------------|------------------|
| Social Security Wages | Social Security Tax W/H | Medicare Wages | Medicare Tax W/H |
| 52,539.69 | 3,257.46 | 52,539.69 | 761.83 |
| 19,885.77 | 1,232.92 | 19,885.77 | 288.34 |
| 20,087.77 | 1,245.44 | 20,087.77 | 291.27 |
| 39,530.86 | 2,450.91 | 39,530.86 | 573.20 |
| 40,785.69 | 2,528.71 | 40,785.69 | 591.39 |
| 19,847.77 | 1,230.56 | 19,847.77 | 287.79 |
| 45,005.69 | 2,790.35 | 45,005.69 | 652.58 |
| 24,154.77 | 1,497.60 | 24,154.77 | 350.24 |
| 19,025.77 | 1,178.60 | 19,025.77 | 275.87 |
| 19,331.77 | 1,198.57 | 19,331.77 | 280.31 |
| 40,359.94 | 2,502.32 | 40,359.94 | 585.22 |
| 52,011.77 | 3,224.73 | 52,011.77 | 754.17 |
| 41,651.94 | 2,582.42 | 41,651.94 | 603.95 |
| 42,455.13 | 2,632.22 | 42,455.13 | 615.60 |
| 18,950.17 | 1,174.91 | 18,950.17 | 274.76 |
| 40,819.69 | 2,530.82 | 40,819.69 | 591.89 |
| 42,046.77 | 2,606.90 | 42,046.77 | 609.68 |
| 56,109.69 | 3,478.80 | 56,109.69 | 813.59 |
| 19,847.77 | 1,230.56 | 19,847.77 | 287.79 |
| 21,215.77 | 1,315.38 | 21,215.77 | 307.63 |
| 40,785.69 | 2,528.71 | 40,785.69 | 591.39 |
| 42,637.10 | 2,643.50 | 42,637.10 | 618.24 |
| 21,409.75 | 1,327.40 | 21,409.75 | 310.44 |
| 45,047.94 | 2,792.97 | 45,047.94 | 653.20 |
| 19,958.81 | 1,237.45 | 19,958.81 | 289.40 |
| 57,084.19 | 3,539.22 | 57,084.19 | 827.72 |
| 50,302.94 | 3,118.78 | 50,302.94 | 729.39 |
| 51,845.69 | 3,214.43 | 51,845.69 | 751.76 |
| 20,056.97 | 1,243.53 | 20,056.97 | 290.83 |
| 23,747.77 | 1,472.38 | 23,747.77 | 344.34 |
| 20,417.77 | 1,265.90 | 20,417.77 | 296.06 |
| 24,038.77 | 1,490.40 | 24,038.77 | 348.56 |
| 27,831.77 | 1,725.57 | 27,831.77 | 403.56 |
| 27,197.77 | 1,686.26 | 27,197.77 | 394.37 |
| 42,185.67 | 2,615.51 | 42,185.67 | 611.69 |
| 20,581.30 | 1,276.04 | 20,581.30 | 298.43 |
| 22,198.64 | 1,376.32 | 22,198.64 | 321.88 |
| 18,959.77 | 1,175.51 | 18,959.77 | 274.92 |
| 30,138.77 | 1,868.60 | 30,138.77 | 437.01 |
| 23,726.48 | 1,471.04 | 23,726.48 | 344.03 |
| 43,214.69 | 2,679.31 | 43,214.69 | 626.61 |
| 48,401.69 | 3,000.90 | 48,401.69 | 701.82 |
| 23,275.27 | 1,443.07 | 23,275.27 | 337.49 |
| 24,033.37 | 1,490.07 | 24,033.37 | 348.48 |
| 22,560.78 | 1,398.77 | 22,560.78 | 327.13 |
| 49,272.09 | 3,054.87 | 49,272.09 | 714.45 |
| 20,038.77 | 1,242.47 | 20,038.77 | 290.58 |
| 44,913.69 | 2,784.65 | 44,913.69 | 651.25 |
| 37,935.96 | 2,352.03 | 37,935.96 | 550.07 |
| 51,528.69 | 3,194.78 | 51,528.69 | 747.17 |
| 56,768.44 | 3,519.64 | 56,768.44 | 823.14 |
| 69,199.69 | 4,290.38 | 69,199.69 | 1,003.40 |
| 42,455.49 | 2,632.24 | 42,455.49 | 615.60 |
| 43,962.33 | 2,725.66 | 43,962.33 | 637.45 |
| 38,772.31 | 2,403.88 | 38,772.31 | 562.20 |
| 52,475.69 | 3,253.49 | 52,475.69 | 760.90 |
| 38,767.79 | 2,403.60 | 38,767.79 | 562.13 |
| 39,009.69 | 2,418.60 | 39,009.69 | 565.64 |
| 20,745.35 | 1,286.21 | 20,745.35 | 300.81 |
| 45,046.06 | 2,792.86 | 45,046.06 | 653.17 |
| 40,747.77 | 2,526.36 | 40,747.77 | 590.84 |
| 40,692.09 | 2,522.91 | 40,692.09 | 590.04 |
| 20,881.35 | 1,294.64 | 20,881.35 | 302.78 |
| 20,706.17 | 1,283.78 | 20,706.17 | 300.24 |
| 24,672.93 | 1,529.72 | 24,672.93 | 357.76 |
| 21,652.52 | 1,342.46 | 21,652.52 | 313.96 |
| 19,300.38 | 1,196.62 | 19,300.38 | 279.86 |
| 42,117.46 | 2,611.28 | 42,117.46 | 610.70 |
| 39,592.24 | 2,454.72 | 39,592.24 | 574.09 |
| 30,235.31 | 1,874.59 | 30,235.31 | 438.41 |
| 23,855.35 | 1,479.03 | 23,855.35 | 345.90 |
| 41,169.69 | 2,552.52 | 41,169.69 | 596.96 |
| 42,104.84 | 2,610.50 | 42,104.84 | 610.52 |
| 46,334.22 | 2,872.72 | 46,334.22 | 671.85 |

| BOX 3 | BOX 4 | BOX 5 | BOX 6 |
|-----------------------|-------------------------|----------------|------------------|
| Social Security Wages | Social Security Tax W/H | Medicare Wages | Medicare Tax W/H |
| 20,291.77 | 1,258.09 | 20,291.77 | 294.23 |
| 19,837.55 | 1,229.93 | 19,837.55 | 287.64 |
| 38,931.69 | 2,413.76 | 38,931.69 | 564.51 |
| 39,839.90 | 2,470.07 | 39,839.90 | 577.68 |
| 40,785.69 | 2,528.71 | 40,785.69 | 591.39 |
| - | - | - | - |
| 40,857.69 | 2,533.18 | 40,857.69 | 592.44 |
| 20,291.77 | 1,258.09 | 20,291.77 | 294.23 |
| 20,491.76 | 1,270.49 | 20,491.76 | 297.13 |
| 40,901.45 | 2,535.89 | 40,901.45 | 593.07 |
| 18,664.69 | 1,157.21 | 18,664.69 | 270.64 |
| 19,857.35 | 1,231.16 | 19,857.35 | 287.93 |
| 42,593.57 | 2,640.80 | 42,593.57 | 617.61 |
| 35,783.77 | 2,218.59 | 35,783.77 | 518.86 |
| 41,169.69 | 2,552.52 | 41,169.69 | 596.96 |
| 39,049.69 | 2,421.08 | 39,049.69 | 566.22 |
| 41,673.69 | 2,583.77 | 41,673.69 | 604.27 |
| 42,473.71 | 2,633.37 | 42,473.71 | 615.87 |
| 34,648.61 | 2,148.21 | 34,648.61 | 502.40 |
| 40,785.69 | 2,528.71 | 40,785.69 | 591.39 |
| 21,171.94 | 1,312.66 | 21,171.94 | 306.99 |
| 41,654.49 | 2,582.58 | 41,654.49 | 603.99 |
| - | - | - | - |
| 40,785.69 | 2,528.71 | 40,785.69 | 591.39 |
| 42,969.69 | 2,664.12 | 42,969.69 | 623.06 |
| 21,189.35 | 1,313.74 | 21,189.35 | 307.25 |
| 21,153.35 | 1,311.51 | 21,153.35 | 306.72 |
| 18,959.77 | 1,175.61 | 18,959.77 | 274.92 |
| 41,169.69 | 2,552.52 | 41,169.69 | 596.96 |
| - | - | - | - |
| 36,237.20 | 2,246.71 | 36,237.20 | 525.44 |
| 22,540.52 | 1,397.51 | 22,540.52 | 326.84 |
| 47,376.20 | 2,937.32 | 47,376.20 | 686.95 |
| 19,960.78 | 1,237.57 | 19,960.78 | 289.43 |
| 37,371.61 | 2,317.04 | 37,371.61 | 541.89 |
| 20,229.35 | 1,254.22 | 20,229.35 | 293.33 |
| 20,620.16 | 1,278.45 | 20,620.16 | 298.99 |
| 19,439.81 | 1,205.27 | 19,439.81 | 281.88 |
| 21,153.35 | 1,311.51 | 21,153.35 | 306.72 |
| 19,917.35 | 1,234.88 | 19,917.35 | 288.80 |
| 23,333.22 | 1,446.66 | 23,333.22 | 338.33 |
| 48,056.26 | 2,979.49 | 48,056.26 | 696.82 |
| 41,601.69 | 2,579.30 | 41,601.69 | 603.22 |
| 23,538.22 | 1,459.37 | 23,538.22 | 341.30 |
| 42,977.57 | 2,664.61 | 42,977.57 | 623.17 |
| 41,482.37 | 2,571.91 | 41,482.37 | 601.49 |
| 40,785.69 | 2,528.71 | 40,785.69 | 591.39 |
| 46,707.94 | 2,895.89 | 46,707.94 | 677.27 |
| 41,039.69 | 2,544.46 | 41,039.69 | 595.08 |
| 40,881.69 | 2,534.66 | 40,881.69 | 592.78 |
| 21,189.35 | 1,313.74 | 21,189.35 | 307.25 |
| 59,530.47 | 3,690.89 | 59,530.47 | 863.19 |
| - | - | - | - |
| 43,791.34 | 2,715.06 | 43,791.34 | 634.97 |
| 20,229.35 | 1,254.22 | 20,229.35 | 293.33 |
| - | - | - | - |
| 40,785.69 | 2,528.71 | 40,785.69 | 591.39 |
| 21,954.42 | 1,361.17 | 21,954.42 | 318.34 |
| - | - | - | - |
| 38,933.85 | 2,413.90 | 38,933.85 | 564.54 |
| 40,540.51 | 2,513.51 | 40,540.51 | 587.84 |
| 40,785.69 | 2,528.71 | 40,785.69 | 591.39 |
| - | - | - | - |
| 20,586.62 | 1,276.37 | 20,586.62 | 298.51 |
| - | - | - | - |
| 3,800.01 | 235.60 | 3,800.01 | 55.10 |
| 6,588.32 | 408.48 | 6,588.32 | 95.53 |
| 38,755.82 | 2,402.86 | 38,755.82 | 561.96 |
| - | - | - | - |
| 47,224.36 | 2,927.91 | 47,224.36 | 684.75 |
| 624.60 | 38.73 | 624.60 | 9.06 |
| 41,510.27 | 2,573.64 | 41,510.27 | 601.90 |
| 40,544.27 | 2,513.74 | 40,544.27 | 587.89 |

| BOX 3 | BOX 4 | BOX 5 | BOX 6 |
|-----------------------|-------------------------|----------------|------------------|
| Social Security Wages | Social Security Tax W/H | Medicare Wages | Medicare Tax W/H |
| 39,234.27 | 2,432.52 | 39,234.27 | 568.90 |
| 39,618.27 | 2,456.33 | 39,618.27 | 574.46 |
| 40,088.91 | 2,485.51 | 40,088.91 | 581.29 |
| 41,158.27 | 2,551.81 | 41,158.27 | 596.79 |
| 43,867.27 | 2,719.77 | 43,867.27 | 636.08 |
| 39,106.27 | 2,424.59 | 39,106.27 | 567.04 |
| 40,234.27 | 2,494.52 | 40,234.27 | 583.40 |
| 39,061.91 | 2,421.84 | 39,061.91 | 566.40 |
| 41,687.31 | 2,584.61 | 41,687.31 | 604.47 |
| 40,198.91 | 2,492.33 | 40,198.91 | 582.88 |
| 39,059.31 | 2,421.68 | 39,059.31 | 566.36 |
| 39,311.91 | 2,437.34 | 39,311.91 | 570.02 |
| 37,200.71 | 2,306.44 | 37,200.71 | 539.41 |
| 37,679.06 | 2,336.10 | 37,679.06 | 546.35 |
| 40,007.31 | 2,480.45 | 40,007.31 | 580.11 |
| 39,434.27 | 2,444.92 | 39,434.27 | 571.80 |
| 43,318.27 | 2,685.73 | 43,318.27 | 628.11 |
| 39,384.27 | 2,441.82 | 39,384.27 | 571.07 |
| 42,061.19 | 2,607.79 | 42,061.19 | 609.89 |
| 41,334.27 | 2,562.72 | 41,334.27 | 599.35 |
| 43,878.27 | 2,720.45 | 43,878.27 | 636.23 |
| 38,130.76 | 2,364.11 | 38,130.76 | 552.90 |
| 43,426.06 | 2,692.42 | 43,426.06 | 629.68 |
| 41,210.27 | 2,555.04 | 41,210.27 | 597.55 |
| 49,426.06 | 3,064.42 | 49,426.06 | 716.68 |
| 51,742.08 | 3,208.01 | 51,742.08 | 750.26 |
| 55,159.56 | 3,419.89 | 55,159.56 | 799.81 |
| 54,576.14 | 3,383.72 | 54,576.14 | 791.35 |
| 52,302.05 | 3,242.73 | 52,302.05 | 758.38 |
| 18,943.22 | 1,174.48 | 18,943.22 | 274.68 |
| 39,738.47 | 2,463.79 | 39,738.47 | 576.21 |
| 39,830.05 | 2,457.06 | 39,830.05 | 574.64 |
| 43,342.05 | 2,687.21 | 43,342.05 | 628.46 |
| 43,010.05 | 2,666.62 | 43,010.05 | 623.65 |
| 43,942.05 | 2,724.41 | 43,942.05 | 637.16 |
| 38,742.05 | 2,402.01 | 38,742.05 | 561.76 |
| 37,710.05 | 2,338.02 | 37,710.05 | 546.80 |
| 38,312.05 | 2,375.35 | 38,312.05 | 555.52 |
| 40,983.05 | 2,540.95 | 40,983.05 | 594.25 |
| 38,742.05 | 2,402.01 | 38,742.05 | 561.76 |
| 38,970.98 | 2,416.20 | 38,970.98 | 565.08 |
| 39,842.05 | 2,470.21 | 39,842.05 | 577.71 |
| 39,618.27 | 2,456.33 | 39,618.27 | 574.46 |
| 38,980.05 | 2,416.76 | 38,980.05 | 565.21 |
| 37,458.27 | 2,322.41 | 37,458.27 | 543.14 |
| 42,742.05 | 2,650.01 | 42,742.05 | 619.76 |
| 38,226.05 | 2,370.02 | 38,226.05 | 554.28 |
| 31,828.09 | 1,973.34 | 31,828.09 | 461.51 |
| 42,313.39 | 2,623.43 | 42,313.39 | 613.54 |
| 40,442.05 | 2,507.41 | 40,442.05 | 586.41 |
| 37,369.05 | 2,316.88 | 37,369.05 | 541.85 |
| 40,122.27 | 2,487.58 | 40,122.27 | 581.77 |
| 42,516.69 | 2,636.03 | 42,516.69 | 616.49 |
| 31,671.99 | 1,963.66 | 31,671.99 | 459.24 |
| 38,742.05 | 2,402.01 | 38,742.05 | 561.76 |
| 37,458.27 | 2,322.41 | 37,458.27 | 543.14 |
| 40,122.27 | 2,487.58 | 40,122.27 | 581.77 |
| 39,234.27 | 2,432.52 | 39,234.27 | 568.90 |
| 38,202.27 | 2,368.54 | 38,202.27 | 553.93 |
| 25,892.80 | 1,805.35 | 25,892.80 | 375.45 |
| 39,618.27 | 2,456.33 | 39,618.27 | 574.46 |
| 11,470.48 | 711.17 | 11,470.48 | 166.32 |
| 40,060.05 | 2,483.72 | 40,060.05 | 580.87 |
| 19,027.54 | 1,179.71 | 19,027.54 | 275.90 |
| 38,541.27 | 2,389.56 | 38,541.27 | 558.85 |
| 19,169.63 | 1,188.52 | 19,169.63 | 277.96 |
| 39,654.27 | 2,458.56 | 39,654.27 | 574.99 |
| 39,618.27 | 2,456.33 | 39,618.27 | 574.46 |
| 39,776.27 | 2,466.13 | 39,776.27 | 576.76 |
| 51,281.10 | 3,179.43 | 51,281.10 | 743.58 |
| 18,881.03 | 1,170.62 | 18,881.03 | 273.77 |
| 39,234.27 | 2,432.52 | 39,234.27 | 568.90 |
| 38,068.58 | 2,360.25 | 38,068.58 | 551.99 |

| BOX 3 | BOX 4 | BOX 5 | BOX 6 |
|-----------------------|-------------------------|----------------|------------------|
| Social Security Wages | Social Security Tax W/H | Medicare Wages | Medicare Tax W/H |
| 39,618.27 | 2,456.33 | 39,618.27 | 574.46 |
| 19,242.64 | 1,193.04 | 19,242.64 | 279.02 |
| 40,134.27 | 2,488.32 | 40,134.27 | 581.95 |
| 19,206.64 | 1,190.81 | 19,206.64 | 278.50 |
| 44,342.05 | 2,749.21 | 44,342.05 | 642.96 |
| 37,439.55 | 2,321.25 | 37,439.55 | 542.87 |
| 39,294.27 | 2,436.24 | 39,294.27 | 569.77 |
| 39,608.91 | 2,455.75 | 39,608.91 | 574.33 |
| 38,081.06 | 2,361.03 | 38,081.06 | 552.18 |
| 39,269.31 | 2,434.70 | 39,269.31 | 569.40 |
| 39,422.05 | 2,444.17 | 39,422.05 | 571.62 |
| 37,710.05 | 2,338.02 | 37,710.05 | 546.80 |
| 40,329.47 | 2,500.43 | 40,329.47 | 584.78 |
| 41,169.69 | 2,552.52 | 41,169.69 | 596.96 |
| 37,320.22 | 2,313.85 | 37,320.22 | 541.14 |
| 38,950.05 | 2,414.90 | 38,950.05 | 564.78 |
| 19,206.44 | 1,190.80 | 19,206.44 | 278.49 |
| 31,478.91 | 1,951.69 | 31,478.91 | 456.44 |
| 40,747.77 | 2,526.36 | 40,747.77 | 590.84 |
| 39,753.69 | 2,464.73 | 39,753.69 | 576.43 |
| 41,169.69 | 2,552.52 | 41,169.69 | 596.96 |
| 38,517.47 | 2,388.08 | 38,517.47 | 558.50 |
| 40,539.65 | 2,513.46 | 40,539.65 | 587.82 |
| 22,050.93 | 1,367.16 | 22,050.93 | 319.74 |
| - | - | - | - |
| 40,857.69 | 2,533.18 | 40,857.69 | 592.44 |
| 55,156.47 | 3,419.70 | 55,156.47 | 799.77 |
| 37,786.27 | 2,342.75 | 37,786.27 | 547.90 |
| 43,359.34 | 2,688.28 | 43,359.34 | 628.71 |
| 38,742.05 | 2,402.01 | 38,742.05 | 561.76 |
| 40,564.52 | 2,515.00 | 40,564.52 | 588.19 |
| 33,961.05 | 2,105.59 | 33,961.05 | 492.44 |
| 38,972.05 | 2,416.27 | 38,972.05 | 565.09 |
| 20,313.64 | 1,259.45 | 20,313.64 | 294.55 |
| 38,670.05 | 2,397.54 | 38,670.05 | 560.72 |
| 39,431.22 | 2,444.74 | 39,431.22 | 571.75 |
| 48,057.47 | 2,979.56 | 48,057.47 | 696.83 |
| 43,899.12 | 2,721.75 | 43,899.12 | 636.54 |
| 20,455.60 | 1,268.25 | 20,455.60 | 296.61 |
| 40,122.27 | 2,487.58 | 40,122.27 | 581.77 |
| 40,061.47 | 2,483.81 | 40,061.47 | 580.89 |
| 41,589.11 | 2,578.52 | 41,589.11 | 603.04 |
| 46,133.51 | 2,860.28 | 46,133.51 | 668.94 |
| 39,654.27 | 2,458.56 | 39,654.27 | 574.99 |
| 20,009.72 | 1,240.60 | 20,009.72 | 290.14 |
| 37,638.27 | 2,333.57 | 37,638.27 | 545.75 |
| 39,197.31 | 2,430.23 | 39,197.31 | 568.36 |
| 39,608.91 | 2,455.75 | 39,608.91 | 574.33 |
| 40,923.65 | 2,537.27 | 40,923.65 | 593.39 |
| 18,954.47 | 1,175.18 | 18,954.47 | 274.84 |
| 39,930.27 | 2,475.68 | 39,930.27 | 578.99 |
| 42,615.34 | 2,642.15 | 42,615.34 | 617.92 |
| - | - | - | - |
| 21,642.93 | 1,341.86 | 21,642.93 | 313.82 |
| 40,677.47 | 2,522.00 | 40,677.47 | 589.82 |
| 23,382.73 | 1,449.73 | 23,382.73 | 339.05 |
| 38,345.77 | 2,377.44 | 38,345.77 | 556.01 |
| 38,778.05 | 2,404.23 | 38,778.05 | 562.27 |
| 30,823.14 | 1,911.03 | 30,823.14 | 446.94 |
| 40,241.85 | 2,494.99 | 40,241.85 | 583.51 |
| - | - | - | - |
| 40,077.47 | 2,484.80 | 40,077.47 | 581.12 |
| 40,255.55 | 2,495.84 | 40,255.55 | 583.71 |
| - | - | - | - |
| - | - | - | - |
| 40,785.69 | 2,528.71 | 40,785.69 | 591.39 |
| 38,974.11 | 2,416.39 | 38,974.11 | 565.12 |
| 40,392.02 | 2,504.31 | 40,392.02 | 585.68 |
| 31,478.89 | 1,951.69 | 31,478.89 | 456.44 |
| 38,209.82 | 2,369.01 | 38,209.82 | 554.04 |
| 37,945.82 | 2,352.64 | 37,945.82 | 550.21 |
| 38,329.82 | 2,376.45 | 38,329.82 | 555.78 |
| 38,876.87 | 2,410.37 | 38,876.87 | 563.71 |
| 37,520.68 | 2,326.28 | 37,520.68 | 544.05 |

| BOX 3 Social Security Wages | BOX 4 Social Security Tax W/H | BOX 5 Medicare Wages | BOX 6 Medicare Tax W/H |
|--------------------------------|----------------------------------|-------------------------|---------------------------|
| 40,817.57 | 2,530.69 | 40,817.57 | 691.85 |
| 36,597.83 | 2,269.07 | 36,597.83 | 530.67 |
| 36,503.81 | 2,263.24 | 36,503.81 | 529.31 |
| 52,900.45 | 3,279.83 | 52,900.45 | 767.06 |
| 40,518.82 | 2,512.17 | 40,518.82 | 587.52 |
| 37,687.77 | 2,336.64 | 37,687.77 | 546.47 |
| 37,601.60 | 2,331.30 | 37,601.60 | 545.22 |
| 50,994.27 | 3,161.64 | 50,994.27 | 739.42 |
| 38,245.82 | 2,371.24 | 38,245.82 | 554.56 |
| 36,850.49 | 2,284.73 | 36,850.49 | 534.33 |
| 38,952.82 | 2,415.07 | 38,952.82 | 564.82 |
| 37,385.31 | 2,317.89 | 37,385.31 | 542.09 |
| 38,329.82 | 2,376.45 | 38,329.82 | 555.78 |
| 18,565.51 | 1,151.06 | 18,565.51 | 269.20 |
| 37,825.60 | 2,345.19 | 37,825.60 | 548.47 |
| 41,403.62 | 2,567.02 | 41,403.62 | 600.35 |
| 37,385.31 | 2,317.89 | 37,385.31 | 542.09 |
| 30,494.53 | 1,890.66 | 30,494.53 | 442.17 |
| 18,775.51 | 1,164.08 | 18,775.51 | 272.24 |
| 18,775.51 | 1,164.08 | 18,775.51 | 272.24 |
| 37,945.82 | 2,352.64 | 37,945.82 | 550.21 |
| 38,761.82 | 2,403.23 | 38,761.82 | 562.05 |
| 38,315.82 | 2,375.58 | 38,315.82 | 555.58 |
| 37,927.82 | 2,351.52 | 37,927.82 | 549.95 |
| 18,757.51 | 1,162.97 | 18,757.51 | 271.98 |
| 38,329.82 | 2,376.45 | 38,329.82 | 555.78 |
| 36,448.22 | 2,259.79 | 36,448.22 | 528.50 |
| 37,945.82 | 2,352.64 | 37,945.82 | 550.21 |
| 33,269.82 | 2,062.73 | 33,269.82 | 482.41 |
| 38,341.90 | 2,377.20 | 38,341.90 | 555.96 |
| 38,329.82 | 2,376.45 | 38,329.82 | 555.78 |
| 37,945.82 | 2,352.64 | 37,945.82 | 550.21 |
| 18,791.17 | 1,165.05 | 18,791.17 | 272.47 |
| 38,329.82 | 2,376.45 | 38,329.82 | 555.78 |
| 37,045.82 | 2,296.84 | 37,045.82 | 537.16 |
| 38,005.82 | 2,356.36 | 38,005.82 | 551.08 |
| 40,345.82 | 2,501.44 | 40,345.82 | 585.01 |
| 35,181.49 | 2,181.25 | 35,181.49 | 510.13 |
| 37,945.82 | 2,352.64 | 37,945.82 | 550.21 |
| 38,833.82 | 2,407.70 | 38,833.82 | 563.09 |
| 38,069.90 | 2,360.33 | 38,069.90 | 552.01 |
| 38,329.82 | 2,376.45 | 38,329.82 | 555.78 |
| 41,245.82 | 2,557.24 | 41,245.82 | 598.06 |
| 37,945.82 | 2,352.64 | 37,945.82 | 550.21 |
| 37,528.48 | 2,326.77 | 37,528.48 | 544.16 |
| 36,409.60 | 2,257.40 | 36,409.60 | 527.94 |
| 38,175.60 | 2,366.89 | 38,175.60 | 553.55 |
| 38,041.60 | 2,358.58 | 38,041.60 | 551.60 |
| 39,745.82 | 2,464.24 | 39,745.82 | 576.31 |
| 37,441.60 | 2,321.38 | 37,441.60 | 542.90 |
| 37,229.82 | 2,308.25 | 37,229.82 | 539.83 |
| 37,927.82 | 2,351.52 | 37,927.82 | 549.95 |
| 36,609.82 | 2,269.81 | 36,609.82 | 530.84 |
| 38,284.82 | 2,373.66 | 38,284.82 | 555.13 |
| 37,695.78 | 2,337.14 | 37,695.78 | 546.59 |
| 38,105.82 | 2,362.56 | 38,105.82 | 552.53 |
| 42,307.60 | 2,623.07 | 42,307.60 | 613.46 |
| 37,945.82 | 2,352.64 | 37,945.82 | 550.21 |
| 38,833.82 | 2,407.70 | 38,833.82 | 563.09 |
| 37,441.60 | 2,321.38 | 37,441.60 | 542.90 |
| 37,432.48 | 2,320.81 | 37,432.48 | 542.77 |
| 39,045.82 | 2,420.84 | 39,045.82 | 566.16 |
| 37,825.60 | 2,345.19 | 37,825.60 | 548.47 |
| 37,945.82 | 2,352.64 | 37,945.82 | 550.21 |
| 38,389.82 | 2,380.17 | 38,389.82 | 556.65 |
| 38,365.82 | 2,378.68 | 38,365.82 | 556.30 |
| 18,565.51 | 1,151.06 | 18,565.51 | 269.20 |
| 36,151.58 | 2,241.40 | 36,151.58 | 524.20 |

| BOX 3 | BOX 4 | BOX 5 | BOX 6 |
|-----------------------|-------------------------|----------------|------------------|
| Social Security Wages | Social Security Tax W/H | Medicare Wages | Medicare Tax W/H |
| 36,971.62 | 2,292.24 | 36,971.62 | 536.09 |
| 37,468.48 | 2,323.05 | 37,468.48 | 543.29 |
| 38,581.81 | 2,392.06 | 38,581.81 | 559.43 |
| 37,945.82 | 2,352.64 | 37,945.82 | 550.21 |
| 37,945.82 | 2,352.64 | 37,945.82 | 550.21 |
| 38,255.82 | 2,371.86 | 38,255.82 | 554.71 |
| 37,981.82 | 2,354.87 | 37,981.82 | 550.74 |
| 36,707.56 | 2,275.87 | 36,707.56 | 532.26 |
| 37,024.70 | 2,295.53 | 37,024.70 | 536.86 |
| - | - | - | - |
| 18,553.51 | 1,150.32 | 18,553.51 | 269.03 |
| - | - | - | - |
| 37,405.84 | 2,319.16 | 37,405.84 | 542.38 |
| 37,432.48 | 2,320.81 | 37,432.48 | 542.77 |
| 37,945.82 | 2,352.64 | 37,945.82 | 550.21 |
| 20,725.55 | 1,284.98 | 20,725.55 | 300.52 |
| 6,359.82 | 394.31 | 6,359.82 | 92.22 |
| 37,441.60 | 2,321.38 | 37,441.60 | 542.90 |
| 29,433.37 | 1,824.87 | 29,433.37 | 426.78 |
| 31,169.90 | 1,932.53 | 31,169.90 | 451.96 |
| 43,481.57 | 2,695.86 | 43,481.57 | 630.48 |
| - | - | - | - |
| 20,455.60 | 1,268.25 | 20,455.60 | 296.61 |
| - | - | - | - |
| 13,037.49 | 808.32 | 13,037.49 | 189.04 |
| 18,547.63 | 1,149.95 | 18,547.63 | 268.94 |
| 39,618.27 | 2,456.33 | 39,618.27 | 574.46 |
| 39,234.27 | 2,432.52 | 39,234.27 | 568.90 |
| 39,215.79 | 2,431.38 | 39,215.79 | 568.63 |
| 37,441.60 | 2,321.38 | 37,441.60 | 542.90 |
| 46,399.07 | 2,876.74 | 46,399.07 | 672.79 |
| 4,056.47 | 251.50 | 4,056.47 | 58.82 |
| 37,945.82 | 2,352.64 | 37,945.82 | 550.21 |
| 37,009.82 | 2,294.61 | 37,009.82 | 536.64 |
| 45,027.94 | 2,791.73 | 45,027.94 | 652.91 |
| 36,999.82 | 2,293.99 | 36,999.82 | 536.50 |
| 22,984.52 | 1,425.04 | 22,984.52 | 333.28 |
| 37,981.82 | 2,354.87 | 37,981.82 | 550.74 |
| 43,327.32 | 2,686.79 | 43,327.32 | 628.25 |
| 42,615.34 | 2,642.15 | 42,615.34 | 617.92 |
| 39,231.17 | 2,432.33 | 39,231.17 | 568.85 |
| 39,234.27 | 2,432.52 | 39,234.27 | 568.90 |
| 37,945.82 | 2,352.64 | 37,945.82 | 550.21 |
| 37,458.27 | 2,322.41 | 37,458.27 | 543.14 |
| - | - | - | - |
| 43,013.57 | 2,666.84 | 43,013.57 | 623.70 |
| 7,610.00 | 471.82 | 7,610.00 | 110.35 |
| 36,913.82 | 2,288.66 | 36,913.82 | 535.25 |
| 37,871.57 | 2,348.04 | 37,871.57 | 549.14 |
| 38,833.82 | 2,407.70 | 38,833.82 | 563.09 |
| 38,645.82 | 2,396.04 | 38,645.82 | 560.36 |
| - | - | - | - |
| 19,009.51 | 1,178.59 | 19,009.51 | 275.64 |
| 88,387.61 | 5,480.03 | 88,387.61 | 1,281.62 |
| 18,775.51 | 1,164.08 | 18,775.51 | 272.24 |
| 39,234.27 | 2,432.52 | 39,234.27 | 568.90 |
| 37,945.82 | 2,352.64 | 37,945.82 | 550.21 |
| 39,162.27 | 2,428.06 | 39,162.27 | 567.85 |
| 39,009.69 | 2,418.60 | 39,009.69 | 565.64 |
| 37,153.82 | 2,303.54 | 37,153.82 | 538.73 |
| 45,407.22 | 2,815.25 | 45,407.22 | 658.40 |
| 40,122.27 | 2,487.58 | 40,122.27 | 581.77 |
| 37,918.94 | 2,350.97 | 37,918.94 | 549.82 |
| 36,301.82 | 2,250.71 | 36,301.82 | 526.38 |
| - | - | - | - |
| 18,565.51 | 1,151.06 | 18,565.51 | 269.20 |
| 38,208.35 | 2,368.92 | 38,208.35 | 554.02 |
| 45,872.92 | 2,844.12 | 45,872.92 | 665.16 |
| 38,123.61 | 2,363.66 | 38,123.61 | 552.79 |
| 20,745.35 | 1,286.21 | 20,745.35 | 300.81 |
| 18,140.85 | 1,124.73 | 18,140.85 | 263.04 |
| 22,750.52 | 1,410.53 | 22,750.52 | 329.88 |
| 37,936.70 | 2,352.08 | 37,936.70 | 550.08 |
| 37,945.82 | 2,352.64 | 37,945.82 | 550.21 |

| BOX 3 | BOX 4 | BOX 5 | BOX 6 | |
|-----------------------|-------------------------|----------------|------------------|---|
| Social Security Wages | Social Security Tax W/H | Medicare Wages | Medicare Tax W/H | |
| 20,820.93 | 1,290.90 | 20,820.93 | 301.90 | - |
| 35,406.40 | 2,195.20 | 35,406.40 | 513.39 | - |
| 39,234.27 | 2,432.52 | 39,234.27 | 568.90 | - |
| 39,234.27 | 2,432.52 | 39,234.27 | 568.90 | - |
| 39,618.27 | 2,456.33 | 39,618.27 | 574.46 | - |
| 52,438.27 | 3,251.17 | 52,438.27 | 760.35 | - |
| 37,945.82 | 2,352.64 | 37,945.82 | 550.21 | - |
| 38,442.27 | 2,383.42 | 38,442.27 | 557.41 | - |
| 37,927.82 | 2,351.52 | 37,927.82 | 549.95 | - |
| 39,224.91 | 2,431.94 | 39,224.91 | 568.76 | - |
| 42,593.57 | 2,640.80 | 42,593.57 | 617.61 | - |
| 42,553.97 | 2,638.35 | 42,553.97 | 617.03 | - |
| 38,365.82 | 2,378.68 | 38,365.82 | 556.30 | - |
| 40,122.27 | 2,487.58 | 40,122.27 | 581.77 | - |
| 18,547.63 | 1,149.95 | 18,547.63 | 268.94 | - |
| 36,169.82 | 2,242.53 | 36,169.82 | 524.46 | - |
| 18,565.51 | 1,151.06 | 18,565.51 | 269.20 | - |
| 52,478.27 | 3,253.65 | 52,478.27 | 760.93 | - |
| 40,547.49 | 2,513.94 | 40,547.49 | 587.94 | - |
| 39,234.27 | 2,432.52 | 39,234.27 | 568.90 | - |
| 36,254.60 | 2,247.79 | 36,254.60 | 525.69 | - |
| 39,234.27 | 2,432.52 | 39,234.27 | 568.90 | - |
| 39,234.27 | 2,432.52 | 39,234.27 | 568.90 | - |
| 37,927.82 | 2,351.52 | 37,927.82 | 549.95 | - |
| 37,458.27 | 2,322.41 | 37,458.27 | 543.14 | - |
| 37,045.82 | 2,296.84 | 37,045.82 | 537.16 | - |
| 37,945.82 | 2,352.64 | 37,945.82 | 550.21 | - |
| 46,199.22 | 2,864.35 | 46,199.22 | 669.89 | - |
| 36,169.82 | 2,242.53 | 36,169.82 | 524.46 | - |
| 18,547.63 | 1,149.95 | 18,547.63 | 268.94 | - |
| 19,009.51 | 1,178.59 | 19,009.51 | 275.64 | - |
| 42,593.57 | 2,640.80 | 42,593.57 | 617.61 | - |
| 39,654.27 | 2,458.56 | 39,654.27 | 574.99 | - |
| 37,836.70 | 2,352.08 | 37,836.70 | 550.08 | - |
| 37,343.82 | 2,315.32 | 37,343.82 | 541.49 | - |
| 45,751.48 | 2,836.59 | 45,751.48 | 663.40 | - |
| 39,234.27 | 2,432.52 | 39,234.27 | 568.90 | - |
| 42,615.34 | 2,642.15 | 42,615.34 | 617.92 | - |
| 37,441.60 | 2,321.38 | 37,441.60 | 542.90 | - |
| 37,441.60 | 2,321.38 | 37,441.60 | 542.90 | - |
| 37,730.14 | 2,339.27 | 37,730.14 | 547.09 | - |
| 37,516.35 | 2,326.01 | 37,516.35 | 543.99 | - |
| 37,552.60 | 2,328.26 | 37,552.60 | 544.51 | - |
| 38,183.55 | 2,367.38 | 38,183.55 | 553.66 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 38,346.27 | 2,377.47 | 38,346.27 | 556.02 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 30,273.60 | 1,876.96 | 30,273.60 | 438.97 | - |
| 37,994.53 | 2,355.66 | 37,994.53 | 550.92 | - |
| 39,112.61 | 2,424.98 | 39,112.61 | 567.13 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 19,508.93 | 1,209.55 | 19,508.93 | 282.88 | - |
| 19,188.53 | 1,189.69 | 19,188.53 | 278.23 | - |
| 18,749.77 | 1,162.49 | 18,749.77 | 271.87 | - |
| 17,881.72 | 1,096.27 | 17,881.72 | 256.38 | - |
| 18,410.88 | 1,141.47 | 18,410.88 | 266.96 | - |
| 19,490.93 | 1,208.44 | 19,490.93 | 282.62 | - |
| 19,252.73 | 1,193.67 | 19,252.73 | 279.16 | - |
| 18,917.72 | 1,172.80 | 18,917.72 | 274.31 | - |
| 19,111.16 | 1,184.89 | 19,111.16 | 277.11 | - |
| 19,617.95 | 1,216.31 | 19,617.95 | 284.46 | - |
| 19,270.73 | 1,194.79 | 19,270.73 | 279.43 | - |
| 18,215.77 | 1,129.38 | 18,215.77 | 264.13 | - |

| BOX 3 | BOX 4 | BOX 5 | BOX 6 | |
|-----------------------|-------------------------|----------------|------------------|-------------|
| Social Security Wages | Social Security Tax W/H | Medicare Wages | Medicare Tax W/H | |
| 19,589.05 | 1,214.52 | 19,589.05 | 284.04 | - |
| 19,674.48 | 1,219.82 | 19,674.48 | 285.28 | - |
| 19,261.25 | 1,194.20 | 19,261.25 | 279.29 | - |
| 19,503.06 | 1,209.19 | 19,503.06 | 282.79 | - |
| 20,673.25 | 1,281.74 | 20,673.25 | 298.76 | - |
| 19,678.19 | 1,220.05 | 19,678.19 | 285.33 | - |
| 19,157.00 | 1,187.73 | 19,157.00 | 277.78 | - |
| 17,915.69 | 1,110.77 | 17,915.69 | 259.78 | - |
| 19,571.05 | 1,213.41 | 19,571.05 | 283.78 | - |
| 20,536.53 | 1,279.46 | 20,536.53 | 299.23 | - |
| 36,688.23 | 2,273.43 | 36,688.23 | 531.69 | - |
| 19,913.95 | 1,234.66 | 19,913.95 | 288.75 | - |
| 90,000.00 | 5,580.00 | 108,250.72 | 1,569.64 | (18,250.72) |
| 23,141.19 | 1,434.75 | 23,141.19 | 335.55 | - |
| 19,490.93 | 1,208.44 | 19,490.93 | 282.62 | - |
| 18,476.29 | 1,145.53 | 18,476.29 | 267.91 | - |
| 18,701.72 | 1,159.51 | 18,701.72 | 271.17 | - |
| 18,731.77 | 1,181.37 | 18,731.77 | 271.61 | - |
| 18,281.77 | 1,133.47 | 18,281.77 | 265.09 | - |
| 19,232.88 | 1,192.44 | 19,232.88 | 278.88 | - |
| 18,473.72 | 1,145.37 | 18,473.72 | 267.87 | - |
| 18,749.77 | 1,162.49 | 18,749.77 | 271.87 | - |
| 24,466.18 | 1,516.90 | 24,466.18 | 354.76 | - |
| 20,016.20 | 1,241.00 | 20,016.20 | 290.23 | - |
| 13,843.15 | 858.28 | 13,843.15 | 200.73 | - |
| 19,232.88 | 1,192.44 | 19,232.88 | 278.88 | - |
| 24,334.18 | 1,508.72 | 24,334.18 | 352.85 | - |
| 18,519.73 | 1,148.22 | 18,519.73 | 268.54 | - |
| 19,480.73 | 1,207.81 | 19,480.73 | 282.47 | - |
| 18,722.29 | 1,160.78 | 18,722.29 | 271.47 | - |
| 18,863.45 | 1,169.53 | 18,863.45 | 273.52 | - |
| 19,430.93 | 1,204.72 | 19,430.93 | 281.75 | - |
| 18,750.71 | 1,162.54 | 18,750.71 | 271.89 | - |
| 18,430.73 | 1,142.71 | 18,430.73 | 267.25 | - |
| 18,868.31 | 1,169.84 | 18,868.31 | 273.59 | - |
| 24,229.85 | 1,502.25 | 24,229.85 | 351.34 | - |
| 18,498.30 | 1,146.89 | 18,498.30 | 268.23 | - |
| 19,845.97 | 1,230.45 | 19,845.97 | 287.77 | - |
| 19,250.88 | 1,193.55 | 19,250.88 | 279.14 | - |
| 18,749.77 | 1,162.49 | 18,749.77 | 271.87 | - |
| 18,425.93 | 1,142.41 | 18,425.93 | 267.18 | - |
| 19,700.93 | 1,221.46 | 19,700.93 | 285.66 | - |
| 18,959.77 | 1,175.51 | 18,959.77 | 274.92 | - |
| 22,747.18 | 1,410.33 | 22,747.18 | 329.83 | - |
| 19,250.88 | 1,193.55 | 19,250.88 | 279.14 | - |
| 18,311.77 | 1,135.33 | 18,311.77 | 265.52 | - |
| 18,731.77 | 1,161.37 | 18,731.77 | 271.61 | - |
| 15,304.25 | 948.86 | 15,304.25 | 221.91 | - |
| 19,462.73 | 1,206.69 | 19,462.73 | 282.21 | - |
| 18,908.24 | 1,172.31 | 18,908.24 | 274.17 | - |
| 18,860.45 | 1,169.35 | 18,860.45 | 273.48 | - |
| 19,934.93 | 1,235.97 | 19,934.93 | 289.06 | - |
| 20,570.53 | 1,275.37 | 20,570.53 | 298.27 | - |
| 19,241.40 | 1,192.97 | 19,241.40 | 279.00 | - |
| 18,430.73 | 1,142.71 | 18,430.73 | 267.25 | - |
| 18,600.53 | 1,153.23 | 18,600.53 | 269.71 | - |
| 18,749.77 | 1,162.49 | 18,749.77 | 271.87 | - |
| 19,490.93 | 1,208.44 | 19,490.93 | 282.62 | - |
| 19,268.33 | 1,194.64 | 19,268.33 | 279.39 | - |
| 17,920.81 | 1,111.09 | 17,920.81 | 259.85 | - |
| 18,749.77 | 1,162.49 | 18,749.77 | 271.87 | - |
| 19,508.93 | 1,209.55 | 19,508.93 | 282.88 | - |
| 20,405.00 | 1,265.11 | 20,405.00 | 295.87 | - |
| 19,442.88 | 1,205.46 | 19,442.88 | 281.92 | - |
| 17,559.08 | 1,088.66 | 17,559.08 | 254.61 | - |
| 19,490.93 | 1,208.44 | 19,490.93 | 282.62 | - |
| 19,281.47 | 1,195.45 | 19,281.47 | 279.58 | - |
| 19,389.67 | 1,202.16 | 19,389.67 | 281.15 | - |
| 19,951.95 | 1,237.02 | 19,951.95 | 289.30 | - |
| 18,749.77 | 1,162.49 | 18,749.77 | 271.87 | - |
| 18,731.77 | 1,161.37 | 18,731.77 | 271.61 | - |
| 12,972.80 | 804.31 | 12,972.80 | 188.11 | - |
| 19,508.93 | 1,209.55 | 19,508.93 | 282.88 | - |
| 19,417.38 | 1,203.88 | 19,417.38 | 281.55 | - |

| BOX 3 | BOX 4 | BOX 5 | BOX 6 |
|-----------------------|-------------------------|----------------|------------------|
| Social Security Wages | Social Security Tax W/H | Medicare Wages | Medicare Tax W/H |
| 18,716.88 | 1,160.45 | 18,716.88 | 271.39 |
| 19,424.88 | 1,204.34 | 19,424.88 | 281.66 |
| 9,408.00 | 583.30 | 9,408.00 | 136.42 |
| 22,497.29 | 1,394.83 | 22,497.29 | 326.21 |
| 18,411.77 | 1,141.53 | 18,411.77 | 266.97 |
| 18,411.77 | 1,141.53 | 18,411.77 | 266.97 |
| 18,211.69 | 1,129.12 | 18,211.69 | 264.07 |
| 19,462.73 | 1,206.69 | 19,462.73 | 282.21 |
| 20,207.41 | 1,252.66 | 20,207.41 | 293.01 |
| 18,773.77 | 1,163.97 | 18,773.77 | 272.22 |
| 21,600.90 | 1,339.26 | 21,600.90 | 313.21 |
| 18,015.60 | 1,116.97 | 18,015.60 | 281.23 |
| 21,905.73 | 1,358.16 | 21,905.73 | 317.63 |
| 19,069.19 | 1,182.29 | 19,069.19 | 276.50 |
| 19,424.88 | 1,204.34 | 19,424.88 | 281.66 |
| 19,075.73 | 1,182.70 | 19,075.73 | 276.60 |
| 18,923.77 | 1,173.27 | 18,923.77 | 274.39 |
| 18,754.89 | 1,162.80 | 18,754.89 | 271.95 |
| 18,754.89 | 1,162.80 | 18,754.89 | 271.95 |
| 18,663.97 | 1,157.17 | 18,663.97 | 270.63 |
| 19,210.91 | 1,191.08 | 19,210.91 | 278.56 |
| 19,676.88 | 1,218.97 | 19,676.88 | 285.31 |
| 18,807.73 | 1,166.08 | 18,807.73 | 272.71 |
| 19,700.93 | 1,221.46 | 19,700.93 | 285.66 |
| 19,700.93 | 1,221.46 | 19,700.93 | 285.66 |
| 19,462.73 | 1,206.69 | 19,462.73 | 282.21 |
| 19,121.00 | 1,185.50 | 19,121.00 | 277.25 |
| 18,435.97 | 1,143.03 | 18,435.97 | 267.32 |
| 17,661.14 | 1,094.99 | 17,661.14 | 256.09 |
| 19,452.71 | 1,206.07 | 19,452.71 | 282.06 |
| 19,180.89 | 1,189.22 | 19,180.89 | 278.12 |
| 19,584.85 | 1,214.26 | 19,584.85 | 283.98 |
| 20,296.33 | 1,258.37 | 20,296.33 | 294.30 |
| 20,414.67 | 1,265.71 | 20,414.67 | 296.01 |
| 22,746.95 | 1,410.31 | 22,746.95 | 329.83 |
| 22,062.36 | 1,367.87 | 22,062.36 | 319.90 |
| 19,252.73 | 1,193.67 | 19,252.73 | 279.16 |
| 18,941.77 | 1,174.39 | 18,941.77 | 274.66 |
| 19,490.93 | 1,208.44 | 19,490.93 | 282.62 |
| 18,509.72 | 1,147.60 | 18,509.72 | 268.39 |
| 19,250.09 | 1,193.51 | 19,250.09 | 279.13 |
| 19,508.93 | 1,209.55 | 19,508.93 | 282.88 |
| 19,845.79 | 1,230.44 | 19,845.79 | 287.76 |
| 18,665.72 | 1,157.27 | 18,665.72 | 270.65 |
| 21,330.82 | 1,322.51 | 21,330.82 | 309.30 |
| 14,497.64 | 898.85 | 14,497.64 | 210.22 |
| 19,064.28 | 1,181.99 | 19,064.28 | 276.43 |
| 19,586.59 | 1,214.37 | 19,586.59 | 284.01 |
| 18,917.72 | 1,172.90 | 18,917.72 | 274.31 |
| 21,092.62 | 1,307.74 | 21,092.62 | 305.84 |
| 22,360.19 | 1,386.33 | 22,360.19 | 324.22 |
| 18,220.89 | 1,129.70 | 18,220.89 | 264.20 |
| 19,934.93 | 1,235.97 | 19,934.93 | 288.06 |
| 19,252.73 | 1,193.67 | 19,252.73 | 278.16 |
| 20,678.53 | 1,282.07 | 20,678.53 | 299.84 |
| 19,443.89 | 1,205.52 | 19,443.89 | 281.94 |
| 20,115.80 | 1,247.18 | 20,115.80 | 291.68 |
| 17,933.45 | 1,111.87 | 17,933.45 | 260.04 |
| 18,974.93 | 1,176.45 | 18,974.93 | 275.14 |
| 18,731.77 | 1,161.37 | 18,731.77 | 271.61 |
| 19,205.75 | 1,190.76 | 19,205.75 | 278.48 |
| 19,508.93 | 1,209.55 | 19,508.93 | 282.88 |
| 19,490.93 | 1,208.44 | 19,490.93 | 282.62 |
| 20,231.89 | 1,254.38 | 20,231.89 | 293.36 |
| 19,397.75 | 1,202.66 | 19,397.75 | 281.27 |
| 18,364.73 | 1,138.61 | 18,364.73 | 266.29 |
| 19,460.33 | 1,206.54 | 19,460.33 | 282.17 |
| 19,442.33 | 1,205.42 | 19,442.33 | 281.91 |
| 28,753.94 | 1,782.74 | 28,753.94 | 416.93 |
| 18,671.69 | 1,157.64 | 18,671.69 | 270.74 |
| 5,392.20 | 334.32 | 5,392.20 | 78.19 |
| 19,357.97 | 1,200.19 | 19,357.97 | 280.69 |
| 18,731.77 | 1,161.37 | 18,731.77 | 271.61 |
| 18,923.77 | 1,173.27 | 18,923.77 | 274.39 |

| BOX 3 Social Security Wages | BOX 4 Social Security Tax W/H | BOX 5 Medicare Wages | BOX 6 Medicare Tax W/H | |
|--------------------------------|----------------------------------|---------------------------------|---------------------------|--|
| 18,749.77 | 1,162.49 | 18,749.77 | 271.87 | - |
| 18,941.77 | 1,174.39 | 18,941.77 | 274.66 | - |
| 19,464.58 | 1,206.80 | 19,464.58 | 282.24 | - |
| 9,336.00 | 578.83 | 9,336.00 | 135.37 | - |
| 19,685.78 | 1,220.52 | 19,685.78 | 285.44 | - |
| 19,303.96 | 1,196.85 | 19,303.96 | 279.91 | - |
| 19,666.73 | 1,219.34 | 19,666.73 | 285.17 | - |
| 18,941.77 | 1,174.39 | 18,941.77 | 274.66 | - |
| 19,508.93 | 1,209.55 | 19,508.93 | 282.88 | - |
| 19,443.89 | 1,205.52 | 19,443.89 | 281.94 | - |
| 19,270.73 | 1,194.79 | 19,270.73 | 279.43 | - |
| 18,731.77 | 1,151.37 | 18,731.77 | 271.61 | - |
| 16,766.82 | 1,039.54 | 16,766.82 | 243.12 | - |
| 18,908.24 | 1,172.31 | 18,908.24 | 274.17 | - |
| 19,512.88 | 1,209.80 | 19,512.88 | 282.94 | - |
| 18,665.72 | 1,157.27 | 18,665.72 | 270.65 | - |
| 18,749.77 | 1,162.49 | 18,749.77 | 271.87 | - |
| 18,965.99 | 1,175.89 | 18,965.99 | 275.01 | - |
| 19,462.73 | 1,206.69 | 19,462.73 | 282.21 | - |
| 11,630.63 | 721.10 | 11,630.63 | 168.64 | - |
| 19,508.93 | 1,209.55 | 19,508.93 | 282.88 | - |
| 19,576.34 | 1,213.73 | 19,576.34 | 283.86 | - |
| 19,223.40 | 1,191.85 | 19,223.40 | 278.74 | - |
| 19,223.40 | 1,191.85 | 19,223.40 | 278.74 | - |
| 19,490.93 | 1,208.44 | 19,490.93 | 282.62 | - |
| 19,332.41 | 1,198.61 | 19,332.41 | 280.32 | - |
| 18,749.77 | 1,162.49 | 18,749.77 | 271.87 | - |
| 24,796,100.48 | 1,537,357.97 | 24,916,730.25 | 361,292.31 | Total for all Residents with FICA wages |
| \$ - | \$ - | \$ - | \$ - | (Less: Residents that filed their own claim) |
| \$ 24,796,100.48 | \$ 1,537,357.97 | \$ 24,916,730.25 | \$ 361,292.31 | Net FICA Claim Amount |
| Social Security Box 3 | | | | |
| <u>Quarter</u> | <u>Wages per 2005 941s</u> | <u>1/4 of Box 3 total above</u> | <u>Corrected Wages</u> | <u>Soc. Sec. Tax Adjustment</u> |
| 1st | 104,415,891.16 | 6,199,025.12 | 98,216,866.04 | 768,679.11 |
| 2nd | 117,822,711.77 | 6,199,025.12 | 111,623,686.65 | 768,679.11 |
| 3rd | 96,892,176.36 | 6,199,025.12 | 90,693,151.24 | 768,679.11 |
| 4th | 108,767,029.29 | 6,199,025.12 | 102,568,004.17 | 768,679.11 |
| | 427,897,808.58 | 24,796,100.48 | 403,101,708.10 | 3,074,716.46 |
| | | | Rounding Difference | (0.52) |
| | | | USE | 3,074,715.94 |
| Medicare Box 5 | | | | |
| <u>Quarter</u> | <u>Wages per 2005 941s</u> | <u>1/4 of Box 5 total above</u> | <u>Corrected Wages</u> | <u>Medicare Tax Adjustment</u> |
| 1st | 111,553,411.43 | 6,229,182.56 | 105,324,228.87 | 180,646.29 |
| 2nd | 130,984,761.82 | 6,229,182.56 | 124,755,579.26 | 180,646.29 |
| 3rd | 111,499,239.10 | 6,229,182.56 | 105,270,056.54 | 180,646.29 |
| 4th | 130,477,598.19 | 6,229,182.56 | 124,248,415.63 | 180,646.29 |
| | 484,515,010.54 | 24,916,730.25 | 459,598,280.29 | 722,585.18 |
| | | | Rounding Difference | (0.56) |
| | | | USE | 722,584.62 |
| Amount requested as refund | | | | \$ 3,797,300.56 |

EXHIBIT 2

Supplemental

Form **941-X**: Adjusted Employer's **QUARTERLY** Federal Tax Return or Claim for Refund
(Rev. June 2009) Department of the Treasury — Internal Revenue Service OMB No. 1545-0029

| | | | |
|--|--------|-------|----------------------|
| (EIN) Employer identification number | | 7805 | |
| Name (not your trade name) University Hospitals of Cleveland | | | |
| Trade name (if any) University Hospitals Case Medical Center | | | |
| Address 11100 Euclid Avenue | | | |
| Number | Street | State | Suite or room number |
| Cleveland | | OHIO | 44106 |
| City | | State | ZIP code |

Use this form to correct errors you made on Form 941 or 941-SS for one quarter only. Type or print within the boxes. You **MUST** complete all three pages. Read the instructions before completing this form. Do not attach this form to Form 941 or 941-SS.

Part 1: Select ONLY one process.

- ☐ 1. Adjusted employment tax return. Check this box if you underreported amounts. Also check this box if you overreported amounts and you would like to use the adjustment process to correct the errors. You must check this box if you are correcting both underreported and overreported amounts on this form. The amount shown on line 18, if less than 0, may only be applied as a credit to your Form 941, Form 941-SS, Form 944, or Form 944-SS for the tax period in which you are filing this form.
- ☒ 2. Claim. Check this box if you overreported amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 18. Do not check this box if you are correcting ANY underreported amounts on this form.

Return You Are Correcting ...

Check the type of return you are correcting:

- ☒ 941
☐ 941-SS

Check the ONE quarter you are correcting:

- ☒ 1: January, February, March
☐ 2: April, May, June
☐ 3: July, August, September
☐ 4: October, November, December

Enter the calendar year of the quarter you are correcting:

2006 (YYYY)

Enter the date you discovered errors:

04/30/2006
(MM / DD / YYYY)

Part 2: Complete the certifications.

- ☒ 3. I certify that I have filed or will file Forms W-2, Wage and Tax Statement, or Forms W-2c, Corrected Wage and Tax Statement, as required.

Note. If you are correcting underreported amounts only, go to Part 3 on page 2 and skip lines 4 and 5.

4. If you checked line 1 because you are adjusting overreported amounts, check all that apply. You must check at least one box. I certify that:

- ☐ a. I repaid or reimbursed each affected employee for the overcollected federal income tax for the current year and the overcollected social security and Medicare tax for current and prior years. For adjustments of employee social security and Medicare tax overcollected in prior years, I have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ b. The adjustment of social security tax and Medicare tax is for the employer's share only. I could not find the affected employees or each employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ c. The adjustment is for federal income tax, social security tax, and Medicare tax that I did not withhold from employee wages.

5. If you checked line 2 because you are claiming a refund or abatement of overreported employment taxes, check all that apply. You must check at least one box. I certify that:

- ☐ a. I repaid or reimbursed each affected employee for the overcollected social security and Medicare tax. For claims of employee social security and Medicare tax overcollected in prior years, I have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☒ b. I have a written consent from each affected employee stating that I may file this claim for the employee's share of social security and Medicare tax. For refunds of employee social security and Medicare tax overcollected in prior years, I also have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ c. The claim for social security tax and Medicare tax is for the employer's share only. I could not find the affected employees; or each employee did not give me a written consent to file a claim for the employee's share of social security and Medicare tax; or each employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ d. The claim is for federal income tax, social security tax, and Medicare tax that I did not withhold from employee wages.

Next →

| | | |
|-----------------------------------|--------------------------------------|-----------------------------------|
| Name (not your trade name) | Employer identification number (EIN) | Correcting quarter 1 (1, 2, 3, 4) |
| University Hospitals of Cleveland | 7805 | Correcting calendar year (YYYY) |
| | | 2006 |

Part 3: Enter the corrections for this quarter. If any line does not apply, leave it blank.

| | Column 1 | Column 2 | Column 3 | Column 4 |
|--|--|---|---|---|
| | Total corrected amount (for ALL employees) | Amount originally reported or as previously corrected (for ALL employees) | Difference (If this amount is a negative number, use a minus sign.) | Tax correction |
| 6. Wages, tips and other compensation (from line 2 of Form 941) | | | | Use the amount in Column 1 when you prepare your Forms W-2 or Forms W-2c |
| 7. Income tax withheld from wages, tips, and other compensation (from line 3 of Form 941) | | | | Copy Column 3 here * |
| 8. Taxable social security wages (from line 5a, Column 1 of Form 941 or Form 941-SS) | 109,593,494.61 | 115,671,441.20 | -6,077,946.59 | X .124 * = -753,665.38 *If you are correcting your employer share only, use .062. See instructions. |
| 9. Taxable social security tips (from line 5b, Column 1 of Form 941 or Form 941-SS) | | | | X .124 * = *If you are correcting your employer share only, use .062. See instructions. |
| 10. Taxable Medicare wages and tips (from line 5c, Column 1 of Form 941 or Form 941-SS) | 114,937,912.17 | 121,015,858.76 | -6,077,946.59 | X .029 * = -176,260.45 *If you are correcting your employer share only, use .0145. See instructions. |
| 11. Tax adjustments (from lines 7a through 7c of Form 941 or Form 941-SS) | | | | Copy Column 3 here * |
| 12. Special addition to wages for federal income tax | | | | See instructions |
| 13. Special addition to wages for social security taxes | | | | See instructions |
| 14. Special addition to wages for Medicare taxes | | | | See instructions |
| 15. Combine the amounts on lines 7-14 of Column 4 | | | | -929,925.83 |
| 16. Advance earned income credit (EIC) payments made to employees (from Form 941, line 9) | | | | See instructions |
| 17a. COBRA premium assistance payments (from line 12a of Form 941 or 941-SS) | | | | See instructions |
| 17b. Number of individuals provided COBRA premium assistance (from line 12b of Form 941 or 941-SS) | | | | |
| 18. Total. Combine the amounts in lines 15, 16, and 17a of Column 4 | | | | -929,925.83 |

If line 18 is less than 0:

- If you checked line 1, this is the amount you want applied as a credit to your Form 941 or Form 941-SS for the tax period in which you are filing this form. (If you are currently filing a Form 944 or Form 944-SS, Employer's ANNUAL Federal Tax Return, see the instructions.)
- If you checked line 2, this is the amount you want refunded or abated.

If line 18 is more than 0, this is the amount you owe. Pay this amount when you file this return. For information on how to pay, see *Amount You Owe* in the instructions.

Next →

| | | |
|-----------------------------------|--------------------------------------|-----------------------------------|
| Name (not your trade name) | Employer identification number (EIN) | Correcting quarter 1 (1, 2, 3, 4) |
| University Hospitals of Cleveland | 7805 | Correcting calendar year (YYYY) |
| | | 2006 |

Part 4: Explain your corrections for this quarter.

- ☐ 19. Check here if any corrections you entered on a line include both underreported and overreported amounts. Explain both your underreported and overreported amounts on line 21.
- ☐ 20. Check here if any corrections involve reclassified workers. Explain on line 21.

21. You must give us a detailed explanation of how you determined your corrections. See the instructions.

The negative amount represents a claim for a refund.

Taxpayer claims interest as allowed by law on said refund, and a refund of any paid interest related to overpaid tax.

See the attached Addendum to Form 941-X for a statement of the basis of the instant refund claim.

A Form 8275-R disclosure statement is also attached.

Part 5: Sign here. You must complete all three pages of this form and sign it.

Under penalties of perjury, I declare that I have filed an original Form 941 or Form 941-SS and that I have examined this adjusted return or claim, including accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.



Sign your name here

Michael A. Szubski

Print your name here

Michael A. Szubski

Print your title here

UHHS Treasurer & CFO

Date

4-15-10

Best daytime phone

(216) 844-1000

Paid preparer's use only

Check if you are self-employed

☐

Preparer's name

Preparer's SSN/PTIN

Preparer's signature

Date

Firm's name (or yours if self-employed)

EIN

Address

Phone

City

State

ZIP code

Form **2678**
(Rev. June 1997)**Employer Appointment of Agent**
Under Section 3504 of the Internal Revenue Code
(For use by employers or payers)OMB Number
1545-07481 To **Internal Revenue Service Center**
Ogden, UT 84201-0046**Director**
Ogden, UT _____ Service Center**Instructions**

Employer or Payer: Please complete this form and give it to the agent.

Agent: Please attach a letter requesting authority to do either all that is required of the employer for wages you pay on the employer's behalf or all that is required of the payer for requirements of backup withholding. (See applicable Revenue Procedures 70-6 or 84-33.) Forward both the letter of request and Form 2678 to the Director of the Internal Revenue Service Center where you file your returns. (See reverse side for addresses.)

Note: Rev. Proc. 70-6 is available in Publication 1271 and Rev. Proc. 84-33 is available in Publication 1272.

2 Employer's or Payer's name

University Hospitals of Cleveland

4 Employer identification number

7805

3 Employer's or Payer's address (Number and street, city, town or post office, State and ZIP code)

11100 Euclid Avenue
Cleveland, OH 44106

5 Agent's name

University Hospitals of Cleveland, Inc.

6 Agent's employer identification number

4775

6 Agent's address (Number and street, city, town or post office, State and ZIP code)

11100 Euclid Avenue-ROBB 151
Cleveland, OH 44106

7 Effective for (Check the box or boxes that apply)

- ☒
- Employment taxes (Rev. Proc. 70-6)
-
- ☐
- Backup withholding (Rev. Proc. 84-33)

9. If filing under Rev. Proc. 70-6, does this apply to all employees?

☒ Yes ☐ No

10 Effective date of appointment by employer or payer

April 1, 2003

Under section 3504 of the Internal Revenue Code, please authorize this agent to do all that is required under (Check the one(s) that apply)

- ☒
- Chapter 21 (FICA)
-
- ☐
- Chapter 22 (Railroad Retirement)
-
- ☐
- Chapter 24 —
-
- ☒
- Withholding and/or
-
- ☐
- Backup withholding
-
- ☒
- Chapter 25 (General Enforcement of Subtitle C)

The agent named above has been appointed either to pay wages for employers and/or report and deposit backup withholding amounts for payers. This appointment is effective on the date shown in item 10.

It is understood that the agent and the employer or payer are subject to all provisions of law and regulations (including penalties) which apply to employers or payers.

Signature of employer or payer

Date

Title of signing official (Indicate whether the person signing is an owner, partner, member of firm, fiduciary, or a corporate officer.)

Kevin Roberts, Jr. Vice President and**For Internal Revenue Service Use Only**

Effective date granted by IRS

For the Paperwork Reduction Act Notice, please see the back of this form.

Form 2678

University Hospitals of Cleveland
 EIN [REDACTED] 7805

ADDENDUM TO FORM 941-X

I. OVERVIEW

University Hospitals of Cleveland ("UHC") respectfully requests a refund of certain employer and employee portions of the Federal Insurance Contributions Act ("FICA") taxes that were paid to the Internal Revenue Service ("IRS") for the first calendar quarter of 2006, plus any interest paid thereon, plus statutory interest as provided by law. These taxes were overpaid with respect to payments made during that quarter to medical residents and fellows (collectively, the "Residents") who were students employed by UHC or an affiliate during the first quarter of 2006. UHC believes that the payments made to the Residents were incorrectly treated as taxable for FICA tax purposes, but it caused the FICA tax thereon to be paid anyway because a regulation, discussed below, purportedly required payment of the tax.

Part II discusses a procedural issue. Part III sets out a brief statement of facts relating to the claim for refund reflected on the attached Form 941-X. Part IV sets out legal authorities and analysis upon which UHC's claim for refund is based.

II. EMPLOYEE CONSENTS

UHC files this refund claim both on its own behalf and on the behalf of the Residents. UHC has sought or will seek and retain any applicable written consents of the affected Residents, whereby each Resident: (1) authorizes UHC to apply for this refund, (2) states whether he or she has previously claimed a refund or credit of the overcollected FICA taxes (and if such a claim has been filed, whether it has been denied), and (3) confirms that the Resident will not claim any additional refund or credit regarding these FICA taxes, if, in signing the consent, the Resident authorizes UHC to file a claim for refund on his or her behalf. These consents will be timely obtained in accordance with the decision in *Chicago Milwaukee Corp. v. U.S.*, 40 F.3d 373 (Fed. Cir. 1994), a decision which the IRS has previously acknowledged to be controlling.

III. SUMMARY OF FACTS

UHC offers medical residency and fellowship programs in which the Residents are trained and educated to become practicing physicians. On March 2, 2010 the IRS announced that payments made to medical residents during periods before the second quarter of 2005 are not subject to FICA taxes because those payments come within Section 3121(b)(10) of the Internal Revenue Code of 1986, as amended (the "Code"), the so-called Student Exception from FICA tax (discussed below) and thus are exempt from that tax. See IR-2010-25 (Mar. 2, 2010), found at www.irs.gov.

UHC has continued to withhold FICA taxes for periods after the first quarter of 2005, to conform to the requirements of Treas. Reg. § 31.3121(b)(10)-2, as amended by T.D. 9167 and effective on and after April 1, 2005 (the "2005 Regulation"). UHC did so even though it disputes that the 2005 Regulation is a proper interpretation of the Student Exception (discussed below).

University Hospitals of Cleveland
 EIN [REDACTED] 7805

IV. LEGAL AUTHORITIES AND ANALYSIS

Sections 3101 and 3111 impose FICA taxes on all the wages paid to an employee by an employer during the calendar year.¹ Section 3121(a) defines the term “wages” for FICA tax purposes as all remuneration for “employment,” subject to certain exceptions. Certain services are specifically excepted from the definition of “employment.” Among those exceptions is the so-called Student Exception. This exception was designed by Congress to relieve students and the schools, colleges, and universities employing them from the financial burden of paying FICA taxes. To implement its intent, Congress statutorily excluded from the definition of “employment” services performed by students in the employ of a school, college, or university (the “Student Exception”).

Specifically, Section 3121(b)(10) provides, in relevant part, that the term “employment” does not include service performed in the employ of (A) a school, college, or university, or (B) an organization described in Section 509(a)(3) if the organization is organized, and at all times thereafter is (i) operated to perform the functions of or to carry out the purposes of a school, college, or university and (ii) is operated, supervised, or controlled in connection with such school, college, or university . . . if such service is performed by a student who is enrolled and regularly attending classes at such school, college, or university. *See also* Treas. Reg. § 31.3121(b)(10)-2(a) (2004). For purposes of the Student Exception, as understood for many decades, the amount of compensation received, the type of services performed, and the place where the services are performed are immaterial. Treas. Reg. § 31.3121(b)(10)-2(a) (2004).

The question whether medical residents are eligible for the Student Exception has been repeatedly addressed by the courts. The U.S. Court of Appeals for the Eighth Circuit, in *Minnesota v. Apfel*, 151 F.3d 742 (8th Cir. 1998) and the U.S. District Court for the District of Minnesota, in *U.S. v. Mayo Found. for Med. Educ. and Research*, 282 F. Supp.2d 997 (D. Minn. 2003) and *Minnesota v. Chater*, 1997 WL 33352908 (May 21, 1997, D. Minn.), correctly ruled in favor of the taxpayers, holding that the Student Exception applies to medical residents. The issue was also addressed and resolved in favor of the taxpayer in *U.S. v. Mt. Sinai Med. Ctr. of Florida, Inc.*, 486 F.3d 1248 (11th Cir. 2007) (finding and concluding, based upon the facts and circumstances, that payments made to medical residents fall within the Student Exception). *See also The University of Chicago Hospitals v. U.S.*, 545 F.3d 564 (7th Cir. 2008) (holding that the plain terms of Section 3121(b)(10) contradict the IRS’s argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *U.S. v. Detroit Med. Ctr.*, 2009 U.S. App. LEXIS 3760 (6th Cir. Feb. 26, 2009) (rejecting the IRS’s “categorically off limits” argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra*) – each of which relied upon the plain terms of Section 3121(b)(10); and *U.S. v. Memorial Sloan-Kettering Cancer Ctr.*, 563 F.3d 19, 22 (2nd Cir. 2009) (stating that “[w]e agree with the Sixth, Seventh, and Eleventh Circuits that the statute is unambiguous and that whether medical residents are ‘students’ and the Hospitals ‘schools’ is a question of fact, not a question of law”). Thus, the federal courts of appeals have repeatedly rejected, based upon the unambiguous terms of Section 3121(b)(10), the IRS’s argument that the Student Exception is categorically off limits to medical residents and teaching hospitals.

¹ All references to “Section” are to Sections of the Code.

University Hospitals of Cleveland
 EIN [REDACTED] 7805

However, the 2005 Regulation, if valid, effectively places the Student Exception categorically off limits to UHC and the Residents as of and after April 1, 2005. Treas. Reg. § 31.3121(b)(10)-2 (2005). The plain terms of the Student Exception statute, Section 3121(b)(10), cannot bear that interpretation. *See The University of Chicago Hospitals v. U.S.*, *supra* (holding that the plain terms of Section 3121(b)(10) contradict the IRS's argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *United States v. Memorial Sloan-Kettering Cancer Center*, *supra* (same); and *U.S. v. Detroit Medical Center*, *supra* (rejecting the IRS's "categorically off limits" argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra* – each of which relied upon the plain terms of Section 3121(b)(10)). The 2005 Regulation is unreasonable, arbitrary, capricious, manifestly contrary to the statute it purports to interpret, and manifestly contrary to Treas. Reg. § 31.3121(b)(10)-2 as promulgated by T.D. 6190, as republished by T.D. 6516, and as amended by T.D. 7373 (the "1956 Regulation").

The 2005 Regulation is thus invalid under the legal standards set out in *National Muffler Dealers Association v. U.S.*, 440 U.S. 472 (1979), and *Chevron U.S.A., Inc. v. Natural Resources Defense Council*, 467 U.S. 837 (1984). *See Mayo Found. for Med. Educ. and Research v. U.S.*, 503 F. Supp. 2d 1164 (D. Minn. 2007) (holding the 2005 Regulation invalid); *Regents of the University of Minnesota v. U.S.*, 2008 U.S. Dist. LEXIS 26263 (D. Minn. 2008) (same); *but cf. Mayo Found. for Med. Educ. and Research v. U.S.*, 2009 U.S. App. LEXIS 15413 (8th Cir. 2009).

In addition, the 2005 Regulation is invalid because it contradicts the 1956 Regulation – a regulation with content directly derived from a 1940 regulation. The Student Exception, enacted in 1939, was interpreted by the 1956 Regulation. The statutes that surround the Student Exception have been addressed numerous times by Congress since 1940 and since 1956. The 1956 regulation thus has "the effect of law" under *U.S. v. Correll*, 389 U.S. 299 (1967), and may not be contradicted by the belated and dubious 2005 Regulation.

UHC and its Residents are entitled to recover under the legal standards that prevail in the absence of the 2005 Regulation, including the 1956 Regulation. *See, e.g., U.S. v. Mt. Sinai Med. Ctr.*, 2008 U.S. Dist. LEXIS 57808 (S.D. Fla. July 28, 2008) (finding and concluding, based upon the facts and circumstances, that medical residents come within the exception from tax set out in Section 3121(b)(10)). The IRS has acknowledged as much in its announcement, made on March 2, 2010:

[The IRS] has made an administrative determination to accept the position that medical residents are excepted from FICA taxes based on the student exception for tax periods ending before April 1, 2005, when new IRS regulations went into effect.

IR-2010-25. This announcement thus concedes that (i) the Residents are "students" and (ii) UHC is a "school, college or university," for purposes of Section 3121(b)(10) of the Code, unless the 2005 Regulation is valid and controlling -- which it is not, as shown above.

We also understand that IRS will be interpreting this announcement to mean that the so-called Medicare Offset, sometimes asserted by the Department of Justice in response to FICA tax refund suits brought by teaching hospitals, should not be asserted by the IRS to reduce the refund

University Hospitals of Cleveland
EIN [REDACTED] 7805

payable to teaching hospitals and their residents. In any event, that Medicare Offset has no merit.

CONCLUSION

Payments made by or for UHC to the Residents qualify for the Student Exception and, therefore, are not subject to FICA taxes. UHC respectfully requests that the IRS refund to UHC the entirety of both the employer and employee portions of the FICA taxes that were erroneously treated as FICA wages, plus any interest paid thereon, plus interest as provided by law.

Form **8275-R**

(Rev. August 2008)

Department of the Treasury
Internal Revenue Service**Regulation Disclosure Statement**

Use this form only to disclose items or positions that are contrary to Treasury regulations. For other disclosures, use Form 8275, Disclosure Statement. See separate instructions.

▶ Attach to your tax return.

OMB No. 1545-0689

Attachment
Sequence No. **92A**

Name(s) shown on return

University Hospitals of Cleveland

Identifying number shown on return

7805

Part I General Information (see instructions)

| (a) Regulation Section | (b) Item or Group of Items | (c) Detailed Description of Items | (d) Form or Schedule | (e) Line No. | (f) Amount |
|---------------------------|----------------------------------|---|----------------------------|--------------------|---------------|
| 1 31.3121(b)(10)-2 | FICA Wages | Stipends paid to medical residents and fellows are not Social Security or Medicare wages. | 941-X | 18 | AMOUNT * |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |

Part II Detailed Explanation (see instructions)

1 * or such greater amount to which taxpayer is entitled, plus any interest thereon, plus statutory interest as provided by law. This Form 8275-R relates to the first quarter of 2006.

2 See attached Addendum to Form 941-X for a statement of the basis of the instant refund claim.

3

4

5

6

Part III Information About Pass-Through Entity. To be completed by partners, shareholders, beneficiaries, or residual interest holders.

Complete this part only if you are making adequate disclosure for a pass-through item.

Note: A pass-through entity is a partnership, S corporation, estate, trust, regulated investment company (RIC), real estate investment trust (REIT), or real estate mortgage investment conduit (REMIC).

| | |
|--|---|
| 1 Name, address, and ZIP code of pass-through entity Name Address City State ZIP code Foreign country | 2 Identifying number of pass-through entity |
| | 3 Tax year of pass-through entity to |
| | 4 Internal Revenue Service Center where the pass-through entity filed its return |
| | |

For Paperwork Reduction Act Notice, see separate instructions.

(HTA)

Form **8275-R** (Rev. 8-2008)

Part IV Explanations (continued from Parts I and/or II)

University Hospitals of Cleveland
EIN [REDACTED] 7805

ADDENDUM TO FORM 941-X

I. OVERVIEW

University Hospitals of Cleveland ("UHC") respectfully requests a refund of certain employer and employee portions of the Federal Insurance Contributions Act ("FICA") taxes that were paid to the Internal Revenue Service ("IRS") for the first calendar quarter of 2006, plus any interest paid thereon, plus statutory interest as provided by law. These taxes were overpaid with respect to payments made during that quarter to medical residents and fellows (collectively, the "Residents") who were students employed by UHC or an affiliate during the first quarter of 2006. UHC believes that the payments made to the Residents were incorrectly treated as taxable for FICA tax purposes, but it caused the FICA tax thereon to be paid anyway because a regulation, discussed below, purportedly required payment of the tax.

Part II discusses a procedural issue. Part III sets out a brief statement of facts relating to the claim for refund reflected on the attached Form 941-X. Part IV sets out legal authorities and analysis upon which UHC's claim for refund is based.

II. EMPLOYEE CONSENTS

UHC files this refund claim both on its own behalf and on the behalf of the Residents. UHC has sought or will seek and retain any applicable written consents of the affected Residents, whereby each Resident: (1) authorizes UHC to apply for this refund, (2) states whether he or she has previously claimed a refund or credit of the overcollected FICA taxes (and if such a claim has been filed, whether it has been denied), and (3) confirms that the Resident will not claim any additional refund or credit regarding these FICA taxes, if, in signing the consent, the Resident authorizes UHC to file a claim for refund on his or her behalf. These consents will be timely obtained in accordance with the decision in *Chicago Milwaukee Corp. v. U.S.*, 40 F.3d 373 (Fed. Cir. 1994), a decision which the IRS has previously acknowledged to be controlling.

III. SUMMARY OF FACTS

UHC offers medical residency and fellowship programs in which the Residents are trained and educated to become practicing physicians. On March 2, 2010 the IRS announced that payments made to medical residents during periods before the second quarter of 2005 are not subject to FICA taxes because those payments come within Section 3121(b)(10) of the Internal Revenue Code of 1986, as amended (the "Code"), the so-called Student Exception from FICA tax (discussed below) and thus are exempt from that tax. See IR-2010-25 (Mar. 2, 2010), found at www.irs.gov.

UHC has continued to withhold FICA taxes for periods after the first quarter of 2005, to conform to the requirements of Treas. Reg. § 31.3121(b)(10)-2, as amended by T.D. 9167 and effective on and after April 1, 2005 (the "2005 Regulation"). UHC did so even though it disputes that the 2005 Regulation is a proper interpretation of the Student Exception (discussed below).

University Hospitals of Cleveland
 EIN [REDACTED] 7805

IV. LEGAL AUTHORITIES AND ANALYSIS

Sections 3101 and 3111 impose FICA taxes on all the wages paid to an employee by an employer during the calendar year.¹ Section 3121(a) defines the term “wages” for FICA tax purposes as all remuneration for “employment,” subject to certain exceptions. Certain services are specifically excepted from the definition of “employment.” Among those exceptions is the so-called Student Exception. This exception was designed by Congress to relieve students and the schools, colleges, and universities employing them from the financial burden of paying FICA taxes. To implement its intent, Congress statutorily excluded from the definition of “employment” services performed by students in the employ of a school, college, or university (the “Student Exception”).

Specifically, Section 3121(b)(10) provides, in relevant part, that the term “employment” does not include service performed in the employ of (A) a school, college, or university, or (B) an organization described in Section 509(a)(3) if the organization is organized, and at all times thereafter is (i) operated to perform the functions of or to carry out the purposes of a school, college, or university and (ii) is operated, supervised, or controlled in connection with such school, college, or university . . . if such service is performed by a student who is enrolled and regularly attending classes at such school, college, or university. *See also* Treas. Reg. § 31.3121(b)(10)-2(a) (2004). For purposes of the Student Exception, as understood for many decades, the amount of compensation received, the type of services performed, and the place where the services are performed are immaterial. Treas. Reg. § 31.3121(b)(10)-2(a) (2004).

The question whether medical residents are eligible for the Student Exception has been repeatedly addressed by the courts. The U.S. Court of Appeals for the Eighth Circuit, in *Minnesota v. Apfel*, 151 F.3d 742 (8th Cir. 1998) and the U.S. District Court for the District of Minnesota, in *U.S. v. Mayo Found. for Med. Educ. and Research*, 282 F. Supp.2d 997 (D. Minn. 2003) and *Minnesota v. Chater*, 1997 WL 33352908 (May 21, 1997, D. Minn.), correctly ruled in favor of the taxpayers, holding that the Student Exception applies to medical residents. The issue was also addressed and resolved in favor of the taxpayer in *U.S. v. Mt. Sinai Med. Ctr. of Florida, Inc.*, 486 F.3d 1248 (11th Cir. 2007) (finding and concluding, based upon the facts and circumstances, that payments made to medical residents fall within the Student Exception). *See also The University of Chicago Hospitals v. U.S.*, 545 F.3d 564 (7th Cir. 2008) (holding that the plain terms of Section 3121(b)(10) contradict the IRS’s argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *U.S. v. Detroit Med. Ctr.*, 2009 U.S. App. LEXIS 3760 (6th Cir. Feb. 26, 2009) (rejecting the IRS’s “categorically off limits” argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra*) – each of which relied upon the plain terms of Section 3121(b)(10); and *U.S. v. Memorial Sloan-Kettering Cancer Ctr.*, 563 F.3d 19, 22 (2nd Cir. 2009) (stating that “[w]e agree with the Sixth, Seventh, and Eleventh Circuits that the statute is unambiguous and that whether medical residents are ‘students’ and the Hospitals ‘schools’ is a question of fact, not a question of law”). Thus, the federal courts of appeals have repeatedly rejected, based upon the unambiguous terms of Section 3121(b)(10), the IRS’s argument that the Student Exception is categorically off limits to medical residents and teaching hospitals.

¹ All references to “Section” are to Sections of the Code.

University Hospitals of Cleveland
 EIN [REDACTED] 7805

However, the 2005 Regulation, if valid, effectively places the Student Exception categorically off limits to UHC and the Residents as of and after April 1, 2005. Treas. Reg. § 31.3121(b)(10)-2 (2005). The plain terms of the Student Exception statute, Section 3121(b)(10), cannot bear that interpretation. See *The University of Chicago Hospitals v. U.S.*, *supra* (holding that the plain terms of Section 3121(b)(10) contradict the IRS's argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *United States v. Memorial Sloan-Kettering Cancer Center*, *supra* (same); and *U.S. v. Detroit Medical Center*, *supra* (rejecting the IRS's "categorically off limits" argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra* – each of which relied upon the plain terms of Section 3121(b)(10)). The 2005 Regulation is unreasonable, arbitrary, capricious, manifestly contrary to the statute it purports to interpret, and manifestly contrary to Treas. Reg. § 31.3121(b)(10)-2 as promulgated by T.D. 6190, as republished by T.D. 6516, and as amended by T.D. 7373 (the "1956 Regulation").

The 2005 Regulation is thus invalid under the legal standards set out in *National Muffler Dealers Association v. U.S.*, 440 U.S. 472 (1979), and *Chevron U.S.A., Inc. v. Natural Resources Defense Council*, 467 U.S. 837 (1984). See *Mayo Found. for Med. Educ. and Research v. U.S.*, 503 F. Supp. 2d 1164 (D. Minn. 2007) (holding the 2005 Regulation invalid); *Regents of the University of Minnesota v. U.S.*, 2008 U.S. Dist. LEXIS 26263 (D. Minn. 2008) (same); but cf. *Mayo Found. for Med. Educ. and Research v. U.S.*, 2009 U.S. App. LEXIS 15413 (8th Cir. 2009).

In addition, the 2005 Regulation is invalid because it contradicts the 1956 Regulation – a regulation with content directly derived from a 1940 regulation. The Student Exception, enacted in 1939, was interpreted by the 1956 Regulation. The statutes that surround the Student Exception have been addressed numerous times by Congress since 1940 and since 1956. The 1956 regulation thus has "the effect of law" under *U.S. v. Correll*, 389 U.S. 299 (1967), and may not be contradicted by the belated and dubious 2005 Regulation.

UHC and its Residents are entitled to recover under the legal standards that prevail in the absence of the 2005 Regulation, including the 1956 Regulation. See, e.g., *U.S. v. Mt. Sinai Med. Ctr.*, 2008 U.S. Dist. LEXIS 57808 (S.D. Fla. July 28, 2008) (finding and concluding, based upon the facts and circumstances, that medical residents come within the exception from tax set out in Section 3121(b)(10)). The IRS has acknowledged as much in its announcement, made on March 2, 2010:

[The IRS] has made an administrative determination to accept the position that medical residents are excepted from FICA taxes based on the student exception for tax periods ending before April 1, 2005, when new IRS regulations went into effect.

IR-2010-25. This announcement thus concedes that (i) the Residents are "students" and (ii) UHC is a "school, college or university," for purposes of Section 3121(b)(10) of the Code, unless the 2005 Regulation is valid and controlling -- which it is not, as shown above.

We also understand that IRS will be interpreting this announcement to mean that the so-called Medicare Offset, sometimes asserted by the Department of Justice in response to FICA tax refund suits brought by teaching hospitals, should not be asserted by the IRS to reduce the refund

University Hospitals of Cleveland
EIN [REDACTED] 7805

payable to teaching hospitals and their residents. In any event, that Medicare Offset has no merit.

CONCLUSION

Payments made by or for UHC to the Residents qualify for the Student Exception and, therefore, are not subject to FICA taxes. UHC respectfully requests that the IRS refund to UHC the entirety of both the employer and employee portions of the FICA taxes that were erroneously treated as FICA wages, plus any interest paid thereon, plus interest as provided by law.

Supplemental

Form 941-X: Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund

(Rev. June 2009) Department of the Treasury — Internal Revenue Service OMB No. 1545-0029

| | | |
|---|---|--|
| (EIN) Employer identification number [REDACTED] 7805 | | |
| Name (not your trade name) [REDACTED] University Hospitals of Cleveland | | |
| Trade name (if any) [REDACTED] University Hospitals Case Medical Center | | |
| Address [REDACTED] 11100 Euclid Avenue | | |
| Number | Street | State or room number |
| [REDACTED] Cleveland | [REDACTED] OHIO | [REDACTED] 44106 |
| City | State | ZIP code |

Use this form to correct errors you made on Form 941 or 941-SS for one quarter only. Type or print within the boxes. You MUST complete all three pages. Read the instructions before completing this form. Do not attach this form to Form 941 or 941-SS.

Part 1: Select ONLY one process.

- ☐ 1. Adjusted employment tax return. Check this box if you underreported amounts. Also check this box if you overreported amounts and you would like to use the adjustment process to correct the errors. You must check this box if you are correcting both underreported and overreported amounts on this form. The amount shown on line 18, if less than 0, may only be applied as a credit to your Form 941, Form 941-SS, Form 944, or Form 944-SS for the tax period in which you are filing this form.
- ☒ 2. Claim. Check this box if you overreported amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 18. Do not check this box if you are correcting ANY underreported amounts on this form.

Return You Are Correcting ...

Check the type of return you are correcting:

- ☒ 941
- ☐ 941-SS

Check the ONE quarter you are correcting:

- ☐ 1: January, February, March
- ☒ 2: April, May, June
- ☐ 3: July, August, September
- ☐ 4: October, November, December

Enter the calendar year of the quarter you are correcting:

[REDACTED] 2006 (mm)

Enter the date you discovered errors:

[REDACTED] 07/31/2006
(MM / DD / YYYY)

Part 2: Complete the certifications.

- ☒ 3. I certify that I have filed or will file Forms W-2, Wage and Tax Statement, or Forms W-2c, Corrected Wage and Tax Statement, as required.
- Note: If you are correcting underreported amounts only, go to Part 3 on page 2 and skip lines 4 and 5.
4. If you checked line 1 because you are adjusting overreported amounts, check all that apply. You must check at least one box. I certify that:
- ☐ a. I repaid or reimbursed each affected employee for the overcollected federal income tax for the current year and the overcollected social security and Medicare tax for current and prior years. For adjustments of employee social security and Medicare tax overcollected in prior years, I have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ b. The adjustment of social security tax and Medicare tax is for the employer's share only. I could not find the affected employees or each employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ c. The adjustment is for federal income tax, social security tax, and Medicare tax that I did not withhold from employee wages.
5. If you checked line 2 because you are claiming a refund or abatement of overreported employment taxes, check all that apply. You must check at least one box. I certify that:
- ☐ a. I repaid or reimbursed each affected employee for the overcollected social security and Medicare tax. For claims of employee social security and Medicare tax overcollected in prior years, I have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☒ b. I have a written consent from each affected employee stating that I may file this claim for the employee's share of social security and Medicare tax. For refunds of employee social security and Medicare tax overcollected in prior years, I also have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ c. The claim for social security tax and Medicare tax is for the employer's share only. I could not find the affected employees; or each employee did not give me a written consent to file a claim for the employee's share of social security and Medicare tax; or each employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ d. The claim is for federal income tax, social security tax, and Medicare tax that I did not withhold from employee wages.

Next →

| | | |
|-----------------------------------|--------------------------------------|-----------------------------------|
| Name (not your trade name) | Employer identification number (EIN) | Correcting quarter 2 (1, 2, 3, 4) |
| University Hospitals of Cleveland | 7805 | Correcting calendar year (YYYY) |
| | | 2006 |

Part 3: Enter the corrections for this quarter. If any line does not apply, leave it blank.

| | Column 1 | Column 2 | Column 3 | Column 4 |
|--|--|---|---|---|
| | Total corrected amount (for ALL employees) | Amount originally reported or as previously corrected (for ALL employees) | Difference (If this amount is a negative number, use a minus sign.) | Tax correction |
| 6. Wages, tips and other compensation (from line 2 of Form 941) | | | | Use the amount in Column 1 when you prepare your Forms W-2 or Forms W-2c |
| 7. Income tax withheld from wages, tips, and other compensation (from line 3 of Form 941) | | | | Copy Column 3 here * |
| 8. Taxable social security wages (from line 5a, Column 1 of Form 941 or Form 941-SS) | 121,110,326.15 | 128,194,414.77 | -7,084,088.62 | X .124 * = -878,426.99 *If you are correcting your employer share only, use .062. See instructions. |
| 9. Taxable social security tips (from line 5b, Column 1 of Form 941 or Form 941-SS) | | | | X .124 * = *If you are correcting your employer share only, use .062. See instructions. |
| 10. Taxable Medicare wages and tips (from line 5c, Column 1 of Form 941 or Form 941-SS) | 133,340,703.54 | 140,486,083.41 | -7,145,379.87 | X .029 * = -207,216.02 *If you are correcting your employer share only, use .0145. See instructions. |
| 11. Tax adjustments (from lines 7a through 7c of Form 941 or Form 941-SS) | | | | Copy Column 3 here * |
| 12. Special addition to wages for federal income tax | | | | See instructions |
| 13. Special addition to wages for social security taxes | | | | See instructions |
| 14. Special addition to wages for Medicare taxes | | | | See instructions |
| 15. Combine the amounts on lines 7-14 of Column 4 | | | | -1,085,643.01 |
| 16. Advance earned income credit (EIC) payments made to employees (from Form 941, line 9) | | | | See instructions |
| 17a. COBRA premium assistance payments (from line 12a of Form 941 or 941-SS) | | | | See instructions |
| 17b. Number of individuals provided COBRA premium assistance (from line 12b of Form 941 or 941-SS) | | | | |
| 18. Total. Combine the amounts in lines 15, 16, and 17a of Column 4 | | | | -1,085,643.01 |

If line 18 is less than 0:

- If you checked line 1, this is the amount you want applied as a credit to your Form 941 or Form 941-SS for the tax period in which you are filing this form. (If you are currently filing a Form 944 or Form 944-SS, Employer's ANNUAL Federal Tax Return, see the instructions.)
- If you checked line 2, this is the amount you want refunded or abated.

If line 18 is more than 0, this is the amount you owe. Pay this amount when you file this return. For information on how to pay, see *Amount You Owe* in the instructions.

Next →

| | | |
|-----------------------------------|--------------------------------------|--|
| Name (not your trade name) | Employer identification number (EIN) | Correcting quarter <u>2</u> (1, 2, 3, 4) |
| University Hospitals of Cleveland | 7805 | Correcting calendar year (mm) |
| | | 2006 |

Part 4: Explain your corrections for this quarter.

- ☐ 19. Check here if any corrections you entered on a line include both underreported and overreported amounts. Explain both your underreported and overreported amounts on line 21.
- ☐ 20. Check here if any corrections involve reclassified workers. Explain on line 21.

21. You must give us a detailed explanation of how you determined your corrections. See the instructions.

The negative amount represents a claim for a refund.

Taxpayer claims interest as allowed by law on said refund, and a refund of any paid interest related to overpaid tax.

See the attached Addendum to Form 941-X for a statement of the basis of the instant refund claim.

A Form 8275-R disclosure statement is also attached.

Part 5: Sign here. You must complete all three pages of this form and sign it.

Under penalties of perjury, I declare that I have filed an original Form 941 or Form 941-SS and that I have examined this adjusted return or claim, including accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.



Sign your name here

Michael A. Szubski

Print your name here

Michael A. Szubski

Print your title here

UHHS Treasurer & CFO

Date

4-15-10

Best daytime phone

(216) 844-1000

Paid preparer's use only

Check if you are self-employed ☐

Preparer's name

Preparer's SSN/PTIN

Preparer's signature

Date

Firm's name (or yours if self-employed)

EIN

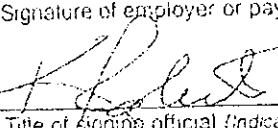
Address

Phone

City

State

ZIP code

| | | |
|--|--|---|
| Form 2678 (Rev. June 1997) | Employer Appointment of Agent Under Section 3504 of the Internal Revenue Code (For use by employers or payers) | OMB Number 1545-0748 |
| 1 To Internal Revenue Service Center Ogden, UT 84201-0046 Director Ogden, UT Service Center | | Instructions Employer or Payer: Please complete this form and give it to the agent. Agent: Please attach a letter requesting authority to do either all that is required of the employer for wages you pay on the employer's behalf or all that is required of the payer for requirements of backup withholding. (See applicable Revenue Procedures 70-6 or 84-33.) Forward both the letter of request and Form 2678 to the Director of the Internal Revenue Service Center where you file your returns. (See reverse side for addresses.) |
| Note: Rev. Proc. 70-6 is available in Publication 1271 and Rev. Proc. 84-33 is available in Publication 1272. | | |
| 2 Employer's or Payer's name University Hospitals of Cleveland | 3 Employer's or Payer's address (Number and street, city, town or post office, State and ZIP code) 11100 Euclid Avenue Cleveland, OH 44106 | |
| 4 Employer identification number 7805 | 5 Agent's name University Hospitals Health System, Inc. | |
| 6 Agent's employer identification number [REDACTED] | 7 Agent's address (Number and street, city, town or post office, State and ZIP code) 11100 Euclid Avenue-ROBB 151 Cleveland, OH 44106 | |
| 8 Effective for (Check the box or boxes that apply) <input checked="" type="checkbox"/> Employment taxes (Rev. Proc. 70-6) <input type="checkbox"/> Backup withholding (Rev. Proc. 84-33) | 9 If filing under Rev. Proc. 70-6, does this apply to all employers? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 10 Effective date of appointment by employer or payer April 1, 2003 |
| Under section 3504 of the Internal Revenue Code, please authorize this agent to do all that is required under (Check the one(s) that apply) <input checked="" type="checkbox"/> Chapter 21 (FICA) <input type="checkbox"/> Chapter 22 (Railroad Retirement) <input checked="" type="checkbox"/> Chapter 24 - <input checked="" type="checkbox"/> Withholding and/or <input type="checkbox"/> Backup withholding <input checked="" type="checkbox"/> Chapter 25 (General Provisions) of Subtitle C The agent named above has been appointed either to pay wages for employers and/or report and deposit backup withholding amounts for payers. This appointment is effective on the date shown in item 10. It is understood that the agent and the employer or payer are subject to all provisions of law and regulations (including penalties) which apply to employers or payers. | | Signature of employer or payer  Title of signing official (Indicate whether the person signing is an owner, partner, member of firm, fiduciary, or a corporate officer) Kevin Roberts, Sr. Vice President and CEO |
| For Internal Revenue Service Use Only Effective date granted by IRS ▶ | | Date 12/19/05 |

For the Paperwork Reduction Act Notice, please see the back of this form.

University Hospitals of Cleveland
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ADDENDUM TO FORM 941-X

I. OVERVIEW

University Hospitals of Cleveland ("UHC") respectfully requests a refund of certain employer and employee portions of the Federal Insurance Contributions Act ("FICA") taxes that were paid to the Internal Revenue Service ("IRS") for the second calendar quarter of 2006, plus any interest paid thereon, plus statutory interest as provided by law. These taxes were overpaid with respect to payments made during that quarter to medical residents and fellows (collectively, the "Residents") who were students employed by UHC or an affiliate during the second quarter of 2006. UHC believes that the payments made to the Residents were incorrectly treated as taxable for FICA tax purposes, but it caused the FICA tax thereon to be paid anyway because a regulation, discussed below, purportedly required payment of the tax.

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III. SUMMARY OF FACTS

UHC offers medical residency and fellowship programs in which the Residents are trained and educated to become practicing physicians. On March 2, 2010 the IRS announced that payments made to medical residents during periods before the second quarter of 2005 are not subject to FICA taxes because those payments come within Section 3121(b)(10) of the Internal Revenue Code of 1986, as amended (the "Code"), the so-called Student Exception from FICA tax (discussed below) and thus are exempt from that tax. See IR-2010-25 (Mar. 2, 2010), found at www.irs.gov.

UHC has continued to withhold FICA taxes for periods after the first quarter of 2005, to conform to the requirements of Treas. Reg. § 31.3121(b)(10)-2, as amended by T.D. 9167 and effective on and after April 1, 2005 (the "2005 Regulation"). UHC did so even though it disputes that the 2005 Regulation is a proper interpretation of the Student Exception (discussed below).

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Specifically, Section 3121(b)(10) provides, in relevant part, that the term “employment” does not include service performed in the employ of (A) a school, college, or university, or (B) an organization described in Section 509(a)(3) if the organization is organized, and at all times thereafter is (i) operated to perform the functions of or to carry out the purposes of a school, college, or university and (ii) is operated, supervised, or controlled in connection with such school, college, or university . . . if such service is performed by a student who is enrolled and regularly attending classes at such school, college, or university. *See also* Treas. Reg. § 31.3121(b)(10)-2(a) (2004). For purposes of the Student Exception, as understood for many decades, the amount of compensation received, the type of services performed, and the place where the services are performed are immaterial. Treas. Reg. § 31.3121(b)(10)-2(a) (2004).

The question whether medical residents are eligible for the Student Exception has been repeatedly addressed by the courts. The U.S. Court of Appeals for the Eighth Circuit, in *Minnesota v. Apfel*, 151 F.3d 742 (8th Cir. 1998) and the U.S. District Court for the District of Minnesota, in *U.S. v. Mayo Found. for Med. Educ. and Research*, 282 F. Supp.2d 997 (D. Minn. 2003) and *Minnesota v. Chater*, 1997 WL 33352908 (May 21, 1997, D. Minn.), correctly ruled in favor of the taxpayers, holding that the Student Exception applies to medical residents. The issue was also addressed and resolved in favor of the taxpayer in *U.S. v. Mt. Sinai Med. Ctr. of Florida, Inc.*, 486 F.3d 1248 (11th Cir. 2007) (finding and concluding, based upon the facts and circumstances, that payments made to medical residents fall within the Student Exception). *See also The University of Chicago Hospitals v. U.S.*, 545 F.3d 564 (7th Cir. 2008) (holding that the plain terms of Section 3121(b)(10) contradict the IRS’s argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *U.S. v. Detroit Med. Ctr.*, 2009 U.S. App. LEXIS 3760 (6th Cir. Feb. 26, 2009) (rejecting the IRS’s “categorically off limits” argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra*) – each of which relied upon the plain terms of Section 3121(b)(10); and *U.S. v. Memorial Sloan-Kettering Cancer Ctr.*, 563 F.3d 19, 22 (2nd Cir. 2009) (stating that “[w]e agree with the Sixth, Seventh, and Eleventh Circuits that the statute is unambiguous and that whether medical residents are ‘students’ and the Hospitals ‘schools’ is a question of fact, not a question of law”). Thus, the federal courts of appeals have repeatedly rejected, based upon the unambiguous terms of Section 3121(b)(10), the IRS’s argument that the Student Exception is categorically off limits to medical residents and teaching hospitals.

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University Hospitals of Cleveland
 EIN [REDACTED] 7805

However, the 2005 Regulation, if valid, effectively places the Student Exception categorically off limits to UHC and the Residents as of and after April 1, 2005. Treas. Reg. § 31.3121(b)(10)-2 (2005). The plain terms of the Student Exception statute, Section 3121(b)(10), cannot bear that interpretation. See *The University of Chicago Hospitals v. U.S.*, *supra* (holding that the plain terms of Section 3121(b)(10) contradict the IRS's argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *United States v. Memorial Sloan-Kettering Cancer Center*, *supra* (same); and *U.S. v. Detroit Medical Center*, *supra* (rejecting the IRS's "categorically off limits" argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra* – each of which relied upon the plain terms of Section 3121(b)(10)). The 2005 Regulation is unreasonable, arbitrary, capricious, manifestly contrary to the statute it purports to interpret, and manifestly contrary to Treas. Reg. § 31.3121(b)(10)-2 as promulgated by T.D. 6190, as republished by T.D. 6516, and as amended by T.D. 7373 (the "1956 Regulation").

The 2005 Regulation is thus invalid under the legal standards set out in *National Muffler Dealers Association v. U.S.*, 440 U.S. 472 (1979), and *Chevron U.S.A. Inc. v. Natural Resources Defense Council*, 467 U.S. 837 (1984). See *Mayo Found. for Med. Educ. and Research v. U.S.*, 503 F. Supp. 2d 1164 (D. Minn. 2007) (holding the 2005 Regulation invalid); *Regents of the University of Minnesota v. U.S.*, 2008 U.S. Dist. LEXIS 26263 (D. Minn. 2008) (same); but cf. *Mayo Found. for Med. Educ. and Research v. U.S.*, 2009 U.S. App. LEXIS 15413 (8th Cir. 2009).

In addition, the 2005 Regulation is invalid because it contradicts the 1956 Regulation – a regulation with content directly derived from a 1940 regulation. The Student Exception, enacted in 1939, was interpreted by the 1956 Regulation. The statutes that surround the Student Exception have been addressed numerous times by Congress since 1940 and since 1956. The 1956 regulation thus has "the effect of law" under *U.S. v. Correll*, 389 U.S. 299 (1967), and may not be contradicted by the belated and dubious 2005 Regulation.

UHC and its Residents are entitled to recover under the legal standards that prevail in the absence of the 2005 Regulation, including the 1956 Regulation. See, e.g., *U.S. v. Mt. Sinai Med. Ctr.*, 2008 U.S. Dist. LEXIS 57808 (S.D. Fla. July 28, 2008) (finding and concluding, based upon the facts and circumstances, that medical residents come within the exception from tax set out in Section 3121(b)(10)). The IRS has acknowledged as much in its announcement, made on March 2, 2010:

[The IRS] has made an administrative determination to accept the position that medical residents are excepted from FICA taxes based on the student exception for tax periods ending before April 1, 2005, when new IRS regulations went into effect.

IR-2010-25. This announcement thus concedes that (i) the Residents are "students" and (ii) UHC is a "school, college or university," for purposes of Section 3121(b)(10) of the Code, unless the 2005 Regulation is valid and controlling -- which it is not, as shown above.

We also understand that IRS will be interpreting this announcement to mean that the so-called Medicare Offset, sometimes asserted by the Department of Justice in response to FICA tax refund suits brought by teaching hospitals, should not be asserted by the IRS to reduce the refund

University Hospitals of Cleveland
EIN [REDACTED] 7805

payable to teaching hospitals and their residents. In any event, that Medicare Offset has no merit.

CONCLUSION

Payments made by or for UHC to the Residents qualify for the Student Exception and, therefore, are not subject to FICA taxes. UHC respectfully requests that the IRS refund to UHC the entirety of both the employer and employee portions of the FICA taxes that were erroneously treated as FICA wages, plus any interest paid thereon, plus interest as provided by law.

Form **8275-R**

(Rev. August 2008)

Department of the Treasury
Internal Revenue Service**Regulation Disclosure Statement**Use this form only to disclose items or positions that are contrary to Treasury regulations. For other disclosures, use Form 8275, Disclosure Statement.
See separate instructions.

▶ Attach to your tax return.

OMB No. 1545-0089

Attachment
Sequence No **92A**

Name(s) shown on return

University Hospitals of Cleveland

Identifying number shown on return

7805

Part I General Information (see instructions)

| (a) Regulation Section | (b) Item or Group of Items | (c) Detailed Description of Items | (d) Form or Schedule | (e) Line No. | (f) Amount |
|---------------------------|-------------------------------|---|-------------------------|-----------------|---------------|
| 1 31.3121(b)(10)-2 | FICA Wages | Stipends paid to medical residents and fellows are not Social Security or Medicare wages. | 941-X | 18 | AMOUNT * |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |

Part II Detailed Explanation (see instructions)

1 * or such greater amount to which taxpayer is entitled, plus any interest thereon, plus statutory interest as provided by law. This Form 8275-R relates to the second quarter of 2006.

2 See attached Addendum to Form 941-X for a statement of the basis of the instant refund claim.

3

4

5

6

Part III Information About Pass-Through Entity. To be completed by partners, shareholders, beneficiaries, or residual interest holders.

Complete this part only if you are making adequate disclosure for a pass-through item.

Note: A pass-through entity is a partnership, S corporation, estate, trust, regulated investment company (RIC), real estate investment trust (REIT), or real estate mortgage investment conduit (REMIC).

| | |
|--|---|
| 1 Name, address, and ZIP code of pass-through entity | 2 Identifying number of pass-through entity |
| Name | 3 Tax year of pass-through entity |
| Address | to |
| City | 4 Internal Revenue Service Center where the pass-through entity |
| State | filed its return |
| ZIP code | |
| Foreign country | |

For Paperwork Reduction Act Notice, see separate instructions.

Form **8275-R** (Rev. 8-2008)

(HTA)

Part IV Explanations (continued from Parts I and/or II)

University Hospitals of Cleveland
EIN [REDACTED] 7805

ADDENDUM TO FORM 941-X

I. OVERVIEW

University Hospitals of Cleveland ("UHC") respectfully requests a refund of certain employer and employee portions of the Federal Insurance Contributions Act ("FICA") taxes that were paid to the Internal Revenue Service ("IRS") for the second calendar quarter of 2006, plus any interest paid thereon, plus statutory interest as provided by law. These taxes were overpaid with respect to payments made during that quarter to medical residents and fellows (collectively, the "Residents") who were students employed by UHC or an affiliate during the second quarter of 2006. UHC believes that the payments made to the Residents were incorrectly treated as taxable for FICA tax purposes, but it caused the FICA tax thereon to be paid anyway because a regulation, discussed below, purportedly required payment of the tax.

Part II discusses a procedural issue. Part III sets out a brief statement of facts relating to the claim for refund reflected on the attached Form 941-X. Part IV sets out legal authorities and analysis upon which UHC's claim for refund is based.

II. EMPLOYEE CONSENTS

UHC files this refund claim both on its own behalf and on the behalf of the Residents. UHC has sought or will seek and retain any applicable written consents of the affected Residents, whereby each Resident: (1) authorizes UHC to apply for this refund, (2) states whether he or she has previously claimed a refund or credit of the overcollected FICA taxes (and if such a claim has been filed, whether it has been denied), and (3) confirms that the Resident will not claim any additional refund or credit regarding these FICA taxes, if, in signing the consent, the Resident authorizes UHC to file a claim for refund on his or her behalf. These consents will be timely obtained in accordance with the decision in *Chicago Milwaukee Corp. v. U.S.*, 40 F.3d 373 (Fed. Cir. 1994), a decision which the IRS has previously acknowledged to be controlling.

III. SUMMARY OF FACTS

UHC offers medical residency and fellowship programs in which the Residents are trained and educated to become practicing physicians. On March 2, 2010 the IRS announced that payments made to medical residents during periods before the second quarter of 2005 are not subject to FICA taxes because those payments come within Section 3121(b)(10) of the Internal Revenue Code of 1986, as amended (the "Code"), the so-called Student Exception from FICA tax (discussed below) and thus are exempt from that tax. See IR-2010-25 (Mar. 2, 2010), found at www.irs.gov.

UHC has continued to withhold FICA taxes for periods after the first quarter of 2005, to conform to the requirements of Treas. Reg. § 31.3121(b)(10)-2, as amended by T.D. 9167 and effective on and after April 1, 2005 (the "2005 Regulation"). UHC did so even though it disputes that the 2005 Regulation is a proper interpretation of the Student Exception (discussed below).

University Hospitals of Cleveland
 EIN [REDACTED] 7805

IV. LEGAL AUTHORITIES AND ANALYSIS

Sections 3101 and 3111 impose FICA taxes on all the wages paid to an employee by an employer during the calendar year.¹ Section 3121(a) defines the term “wages” for FICA tax purposes as all remuneration for “employment,” subject to certain exceptions. Certain services are specifically excepted from the definition of “employment.” Among those exceptions is the so-called Student Exception. This exception was designed by Congress to relieve students and the schools, colleges, and universities employing them from the financial burden of paying FICA taxes. To implement its intent, Congress statutorily excluded from the definition of “employment” services performed by students in the employ of a school, college, or university (the “Student Exception”).

Specifically, Section 3121(b)(10) provides, in relevant part, that the term “employment” does not include service performed in the employ of (A) a school, college, or university, or (B) an organization described in Section 509(a)(3) if the organization is organized, and at all times thereafter is (i) operated to perform the functions of or to carry out the purposes of a school, college, or university and (ii) is operated, supervised, or controlled in connection with such school, college, or university . . . if such service is performed by a student who is enrolled and regularly attending classes at such school, college, or university. *See also* Treas. Reg. § 31.3121(b)(10)-2(a) (2004). For purposes of the Student Exception, as understood for many decades, the amount of compensation received, the type of services performed, and the place where the services are performed are immaterial. Treas. Reg. § 31.3121(b)(10)-2(a) (2004).

The question whether medical residents are eligible for the Student Exception has been repeatedly addressed by the courts. The U.S. Court of Appeals for the Eighth Circuit, in *Minnesota v. Apfel*, 151 F.3d 742 (8th Cir. 1998) and the U.S. District Court for the District of Minnesota, in *U.S. v. Mayo Found. for Med. Educ. and Research*, 282 F. Supp.2d 997 (D. Minn. 2003) and *Minnesota v. Chater*, 1997 WL 33352908 (May 21, 1997, D. Minn.), correctly ruled in favor of the taxpayers, holding that the Student Exception applies to medical residents. The issue was also addressed and resolved in favor of the taxpayer in *U.S. v. Mt. Sinai Med. Ctr. of Florida, Inc.*, 486 F.3d 1248 (11th Cir. 2007) (finding and concluding, based upon the facts and circumstances, that payments made to medical residents fall within the Student Exception). *See also The University of Chicago Hospitals v. U.S.*, 545 F.3d 564 (7th Cir. 2008) (holding that the plain terms of Section 3121(b)(10) contradict the IRS’s argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *U.S. v. Detroit Med. Ctr.*, 2009 U.S. App. LEXIS 3760 (6th Cir. Feb. 26, 2009) (rejecting the IRS’s “categorically off limits” argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra*) – each of which relied upon the plain terms of Section 3121(b)(10); and *U.S. v. Memorial Sloan-Kettering Cancer Ctr.*, 563 F.3d 19, 22 (2nd Cir. 2009) (stating that “[w]e agree with the Sixth, Seventh, and Eleventh Circuits that the statute is unambiguous and that whether medical residents are ‘students’ and the Hospitals ‘schools’ is a question of fact, not a question of law”). Thus, the federal courts of appeals have repeatedly rejected, based upon the unambiguous terms of Section 3121(b)(10), the IRS’s argument that the Student Exception is categorically off limits to medical residents and teaching hospitals.

¹ All references to “Section” are to Sections of the Code.

University Hospitals of Cleveland
 EIN [REDACTED] 7805

However, the 2005 Regulation, if valid, effectively places the Student Exception categorically off limits to UHC and the Residents as of and after April 1, 2005. Treas. Reg. § 31.3121(b)(10)-2 (2005). The plain terms of the Student Exception statute, Section 3121(b)(10), cannot bear that interpretation. See *The University of Chicago Hospitals v. U.S.*, *supra* (holding that the plain terms of Section 3121(b)(10) contradict the IRS's argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *United States v. Memorial Sloan-Kettering Cancer Center*, *supra* (same); and *U.S. v. Detroit Medical Center*, *supra* (rejecting the IRS's "categorically off limits" argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra* – each of which relied upon the plain terms of Section 3121(b)(10)). The 2005 Regulation is unreasonable, arbitrary, capricious, manifestly contrary to the statute it purports to interpret, and manifestly contrary to Treas. Reg. § 31.3121(b)(10)-2 as promulgated by T.D. 6190, as republished by T.D. 6516, and as amended by T.D. 7373 (the "1956 Regulation").

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In addition, the 2005 Regulation is invalid because it contradicts the 1956 Regulation – a regulation with content directly derived from a 1940 regulation. The Student Exception, enacted in 1939, was interpreted by the 1956 Regulation. The statutes that surround the Student Exception have been addressed numerous times by Congress since 1940 and since 1956. The 1956 regulation thus has "the effect of law" under *U.S. v. Correll*, 389 U.S. 299 (1967), and may not be contradicted by the belated and dubious 2005 Regulation.

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University Hospitals of Cleveland
EIN [REDACTED] 7805

payable to teaching hospitals and their residents. In any event, that Medicare Offset has no merit.

CONCLUSION

Payments made by or for UHC to the Residents qualify for the Student Exception and, therefore, are not subject to FICA taxes. UHC respectfully requests that the IRS refund to UHC the entirety of both the employer and employee portions of the FICA taxes that were erroneously treated as FICA wages, plus any interest paid thereon, plus interest as provided by law.

Supplemental

Form **941-X**: Adjusted Employer's **QUARTERLY** Federal Tax Return or Claim for Refund
(Rev. June 2009) Department of the Treasury — Internal Revenue Service OMB No. 1545-0029

| | | | |
|--|------------|----------------------|--|
| (EIN) Employer identification number | | 7805 | |
| Name (not your trade name) University Hospitals of Cleveland | | | |
| Trade name (if any) University Hospitals Case Medical Center | | | |
| Address 11100 Euclid Avenue | | | |
| Number | Street | Suite or room number | |
| Cleveland | | | |
| City | State OHIO | ZIP code 44106 | |

Use this form to correct errors you made on Form 941 or 941-SS for one quarter only. Type or print within the boxes. You MUST complete all three pages. Read the instructions before completing this form. Do not attach this form to Form 941 or 941-SS.

Part 1: Select ONLY one process.

- ☐ 1. Adjusted employment tax return. Check this box if you underreported amounts. Also check this box if you overreported amounts and you would like to use the adjustment process to correct the errors. You must check this box if you are correcting both underreported and overreported amounts on this form. The amount shown on line 18, if less than 0, may only be applied as a credit to your Form 941, Form 941-SS, Form 944, or Form 944-SS for the tax period in which you are filing this form.
- ☒ 2. Claim. Check this box if you overreported amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 18. Do not check this box if you are correcting ANY underreported amounts on this form.

Return You Are Correcting ...

Check the type of return you are correcting:

- ☒ 941
☐ 941-SS

Check the ONE quarter you are correcting:

- ☐ 1: January, February, March
☐ 2: April, May, June
☒ 3: July, August, September
☐ 4: October, November, December

Enter the calendar year of the quarter you are correcting:

2006 (YYY)

Enter the date you discovered errors:

10/31/2006
(MM / DD / YYY)

Part 2: Complete the certifications.

- ☒ 3. I certify that I have filed or will file Forms W-2, Wage and Tax Statement, or Forms W-2c, Corrected Wage and Tax Statement, as required.
- Note: If you are correcting underreported amounts only, go to Part 3 on page 2 and skip lines 4 and 5.
4. If you checked line 1 because you are adjusting overreported amounts, check all that apply. You must check at least one box. I certify that:
- ☐ a. I repaid or reimbursed each affected employee for the overcollected federal income tax for the current year and the overcollected social security and Medicare tax for current and prior years. For adjustments of employee social security and Medicare tax overcollected in prior years, I have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ b. The adjustment of social security tax and Medicare tax is for the employer's share only. I could not find the affected employees or each employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ c. The adjustment is for federal income tax, social security tax, and Medicare tax that I did not withhold from employee wages.
5. If you checked line 2 because you are claiming a refund or abatement of overreported employment taxes, check all that apply. You must check at least one box. I certify that:
- ☐ a. I repaid or reimbursed each affected employee for the overcollected social security and Medicare tax. For claims of employee social security and Medicare tax overcollected in prior years, I have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☒ b. I have a written consent from each affected employee stating that I may file this claim for the employee's share of social security and Medicare tax. For refunds of employee social security and Medicare tax overcollected in prior years, I also have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ c. The claim for social security tax and Medicare tax is for the employer's share only. I could not find the affected employees; or each employee did not give me a written consent to file a claim for the employee's share of social security and Medicare tax; or each employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ d. The claim is for federal income tax, social security tax, and Medicare tax that I did not withhold from employee wages.

Next →

| | | |
|---|--------------------------------------|-----------------------------------|
| Name (not your trade name) | Employer identification number (EIN) | Correcting quarter 3 (1, 2, 3, 4) |
| University Hospitals of Cleveland | 7805 | Correcting calendar year (YYYY) |
| Part 3: Enter the corrections for this quarter. If any line does not apply, leave it blank. | | 2006 |

| | Column 1 | Column 2 | Column 3 | Column 4 |
|--|--|---|---|---|
| | Total corrected amount (for ALL employees) | Amount originally reported or as previously corrected (for ALL employees) | Difference (If this amount is a negative number, use a minus sign.) | Tax correction |
| 6. Wages, tips and other compensation (from line 2 of Form 941) | | | | Use the amount in Column 1 when you prepare your Forms W-2 or Forms W-2c |
| 7. Income tax withheld from wages, tips, and other compensation (from line 3 of Form 941) | | | | Copy Column 3 here * |
| 8. Taxable social security wages (from line 5a, Column 1 of Form 941 or Form 941-SS) | 99,704,664.69 | 106,097,998.95 | -6,393,334.26 | X .124 * = -792,773.45 *If you are correcting your employer share only, use .062. See instructions. |
| 9. Taxable social security tips (from line 5b, Column 1 of Form 941 or Form 941-SS) | | | | X .124 * = *If you are correcting your employer share only, use .062. See instructions. |
| 10. Taxable Medicare wages and tips (from line 5c, Column 1 of Form 941 or Form 941-SS) | 117,661,551.46 | 124,238,206.17 | -6,576,654.71 | X .029 * = -190,722.99 *If you are correcting your employer share only, use .0145. See instructions. |
| 11. Tax adjustments (from lines 7a through 7c of Form 941 or Form 941-SS) | | | | Copy Column 3 here * |
| 12. Special addition to wages for federal income tax | | | | See instructions |
| 13. Special addition to wages for social security taxes | | | | See instructions |
| 14. Special addition to wages for Medicare taxes | | | | See instructions |
| 15. Combine the amounts on lines 7-14 of Column 4 | | | | -983,496.44 |
| 16. Advance earned income credit (EIC) payments made to employees (from Form 941, line 9) | | | | See instructions |
| 17a. COBRA premium assistance payments (from line 12a of Form 941 or 941-SS) | | | | See instructions |
| 17b. Number of individuals provided COBRA premium assistance (from line 12b of Form 941 or 941-SS) | | | | |
| 18. Total. Combine the amounts in lines 15, 16, and 17a of Column 4 | | | | -983,496.44 |

If line 18 is less than 0:

- If you checked line 1, this is the amount you want applied as a credit to your Form 941 or Form 941-SS for the tax period in which you are filing this form. (If you are currently filing a Form 944 or Form 944-SS, Employer's ANNUAL Federal Tax Return, see the instructions.)
- If you checked line 2, this is the amount you want refunded or abated.

If line 18 is more than 0, this is the amount you owe. Pay this amount when you file this return. For information on how to pay, see *Amount You Owe* in the instructions.

Next →

| | | |
|-----------------------------------|--------------------------------------|-----------------------------------|
| Name (not your trade name) | Employer identification number (EIN) | Correcting quarter 3 (1, 2, 3, 4) |
| University Hospitals of Cleveland | 7805 | Correcting calendar year (YYYY) |
| | | 2006 |

Part 4: Explain your corrections for this quarter.

- ☐ 19. Check here if any corrections you entered on a line include both underreported and overreported amounts. Explain both your underreported and overreported amounts on line 21.
- ☐ 20. Check here if any corrections involve reclassified workers. Explain on line 21.

21. You must give us a detailed explanation of how you determined your corrections. See the instructions.

The negative amount represents a claim for a refund.

Taxpayer claims interest as allowed by law on said refund, and a refund of any paid interest related to overpaid tax.

See the attached Addendum to Form 941-X for a statement of the basis of the instant refund claim.

A Form 8275-R disclosure statement is also attached.

Part 5: Sign here. You must complete all three pages of this form and sign it.

Under penalties of perjury, I declare that I have filed an original Form 941 or Form 941-SS and that I have examined this adjusted return or claim, including accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.



Sign your name here

Michael A. Szubski

Print your name here

Michael A. Szubski

Print your title here

UHHS Treasurer & CFO

Date

4-15-10

Best daytime phone (216) 844-1000

Paid preparer's use only

Check if you are self-employed ☐

Preparer's name

Preparer's SSN/PTIN

Preparer's signature

Date

Firm's name (or yours if self-employed)

EIN

Address

Phone

City

State

ZIP code

Form **2678**
(Rev. June 1997)**Employer Appointment of Agent**
Under Section 3504 of the Internal Revenue Code
(For use by employers or payers)OMB Number
1545-07481 To Internal Revenue Service Center
Ogden, UT 84201-0046Director
Ogden, UT Service Center**Instructions**

Employer or Payer: Please complete this form and give it to the agent.

Agent: Please attach a letter requesting authority to do either all that is required of the employer for wages you pay on the employer's behalf or all that is required of the payer for requirements of backup withholding. (See applicable Revenue Procedures 70-6 or 84-33.) Forward both the letter of request and Form 2678 to the Director of the Internal Revenue Service Center where you file your returns. (See reverse side for addresses.)

Note: Rev. Proc. 70-6 is available in Publication 1271 and Rev. Proc. 84-33 is available in Publication 1272.

2 Employer's or Payer's name

University Hospitals of Cleveland 11100 Euclid Avenue
Cleveland, OH 44106

4 Employer identification number

7805

5 Agent's name

University Hospitals Health System, Inc.

7 Agent's employer identification number

4775

3 Employer's or Payer's address (Number and street, city, town or post office, State and ZIP code)

11100 Euclid Avenue
Cleveland, OH 44106

6 Agent's address (Number and street, city, town or post office, State and ZIP code)

11100 Euclid Avenue-ROBB 151
Cleveland, OH 44106

9 Effective for (Check the box or boxes that apply)

- ☒
- Employment taxes (Rev. Proc. 70-6)
-
- ☐
- Backup withholding (Rev. Proc. 84-33)

9. If filing under Rev. Proc. 70-6, does this apply to all employees?
☒ Yes ☐ No

10. Effective date of appointment by employer or payer

April 1, 2003

Under section 3504 of the Internal Revenue Code, please authorize this agent to do all that is required under (Check the one(s) that apply):

- ☒
- Chapter 21 (FICA)
-
- ☐
- Chapter 22 (Retirement)
-
- ☐
- Chapter 24 ---
-
- ☒
- Withholding and/or
-
- ☐
- Backup withholding
-
- ☐
- Chapter 25 (General Provisions) of Subtitle C

The agent named above has been appointed either to pay wages for employers and/or report and deposit backup withholding amounts for payers. This appointment is effective on the date shown in Item 10.

It is understood that the agent and the employer or payer are subject to all provisions of law and regulations (including penalties) which apply to employers or payers.

Signature of employer or payer

Date

Title of signing official (Indicate whether the person signing is an owner, partner, member of firm, fiduciary, or a corporate officer)

Kevin Roberts, Sr. Vice President and CFO

For Internal Revenue Service Use Only

Effective date granted by IRS

For the Paperwork Reduction Act Notice, please see the back of this form.

Form 2678 (Rev. 6-97)

University Hospitals of Cleveland
 EIN [REDACTED] 7805

ADDENDUM TO FORM 941-X

I. OVERVIEW

University Hospitals of Cleveland ("UHC") respectfully requests a refund of certain employer and employee portions of the Federal Insurance Contributions Act ("FICA") taxes that were paid to the Internal Revenue Service ("IRS") for the third calendar quarter of 2006, plus any interest paid thereon, plus statutory interest as provided by law. These taxes were overpaid with respect to payments made during that quarter to medical residents and fellows (collectively, the "Residents") who were students employed by UHC or an affiliate during the third quarter of 2006. UHC believes that the payments made to the Residents were incorrectly treated as taxable for FICA tax purposes, but it caused the FICA tax thereon to be paid anyway because a regulation, discussed below, purportedly required payment of the tax.

Part II discusses a procedural issue. Part III sets out a brief statement of facts relating to the claim for refund reflected on the attached Form 941-X. Part IV sets out legal authorities and analysis upon which UHC's claim for refund is based.

II. EMPLOYEE CONSENTS

UHC files this refund claim both on its own behalf and on the behalf of the Residents. UHC has sought or will seek and retain any applicable written consents of the affected Residents, whereby each Resident: (1) authorizes UHC to apply for this refund, (2) states whether he or she has previously claimed a refund or credit of the overcollected FICA taxes (and if such a claim has been filed, whether it has been denied), and (3) confirms that the Resident will not claim any additional refund or credit regarding these FICA taxes, if, in signing the consent, the Resident authorizes UHC to file a claim for refund on his or her behalf. These consents will be timely obtained in accordance with the decision in *Chicago Milwaukee Corp. v. U.S.*, 40 F.3d 373 (Fed. Cir. 1994), a decision which the IRS has previously acknowledged to be controlling.

III. SUMMARY OF FACTS

UHC offers medical residency and fellowship programs in which the Residents are trained and educated to become practicing physicians. On March 2, 2010 the IRS announced that payments made to medical residents during periods before the second quarter of 2005 are not subject to FICA taxes because those payments come within Section 3121(b)(10) of the Internal Revenue Code of 1986, as amended (the "Code"), the so-called Student Exception from FICA tax (discussed below) and thus are exempt from that tax. See IR-2010-25 (Mar. 2, 2010), found at www.irs.gov.

UHC has continued to withhold FICA taxes for periods after the first quarter of 2005, to conform to the requirements of Treas. Reg. § 31.3121(b)(10)-2, as amended by T.D. 9167 and effective on and after April 1, 2005 (the "2005 Regulation"). UHC did so even though it disputes that the 2005 Regulation is a proper interpretation of the Student Exception (discussed below).

University Hospitals of Cleveland
EIN [REDACTED] 7805

IV. LEGAL AUTHORITIES AND ANALYSIS

Sections 3101 and 3111 impose FICA taxes on all the wages paid to an employee by an employer during the calendar year.¹ Section 3121(a) defines the term “wages” for FICA tax purposes as all remuneration for “employment,” subject to certain exceptions. Certain services are specifically excepted from the definition of “employment.” Among those exceptions is the so-called Student Exception. This exception was designed by Congress to relieve students and the schools, colleges, and universities employing them from the financial burden of paying FICA taxes. To implement its intent, Congress statutorily excluded from the definition of “employment” services performed by students in the employ of a school, college, or university (the “Student Exception”).

Specifically, Section 3121(b)(10) provides, in relevant part, that the term “employment” does not include service performed in the employ of (A) a school, college, or university, or (B) an organization described in Section 509(a)(3) if the organization is organized, and at all times thereafter is (i) operated to perform the functions of or to carry out the purposes of a school, college, or university and (ii) is operated, supervised, or controlled in connection with such school, college, or university . . . if such service is performed by a student who is enrolled and regularly attending classes at such school, college, or university. *See also* Treas. Reg. § 31.3121(b)(10)-2(a) (2004). For purposes of the Student Exception, as understood for many decades, the amount of compensation received, the type of services performed, and the place where the services are performed are immaterial. Treas. Reg. § 31.3121(b)(10)-2(a) (2004).

The question whether medical residents are eligible for the Student Exception has been repeatedly addressed by the courts. The U.S. Court of Appeals for the Eighth Circuit, in *Minnesota v. Apfel*, 151 F.3d 742 (8th Cir. 1998) and the U.S. District Court for the District of Minnesota, in *U.S. v. Mayo Found. for Med. Educ. and Research*, 282 F. Supp.2d 997 (D. Minn. 2003) and *Minnesota v. Chater*, 1997 WL 33352908 (May 21, 1997, D. Minn.), correctly ruled in favor of the taxpayers, holding that the Student Exception applies to medical residents. The issue was also addressed and resolved in favor of the taxpayer in *U.S. v. Mt. Sinai Med. Ctr. of Florida, Inc.*, 486 F.3d 1248 (11th Cir. 2007) (finding and concluding, based upon the facts and circumstances, that payments made to medical residents fall within the Student Exception). *See also The University of Chicago Hospitals v. U.S.*, 545 F.3d 564 (7th Cir. 2008) (holding that the plain terms of Section 3121(b)(10) contradict the IRS’s argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *U.S. v. Detroit Med. Ctr.*, 2009 U.S. App. LEXIS 3760 (6th Cir. Feb. 26, 2009) (rejecting the IRS’s “categorically off limits” argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra*) – each of which relied upon the plain terms of Section 3121(b)(10); and *U.S. v. Memorial Sloan-Kettering Cancer Ctr.*, 563 F.3d 19, 22 (2nd Cir. 2009) (stating that “[w]e agree with the Sixth, Seventh, and Eleventh Circuits that the statute is unambiguous and that whether medical residents are ‘students’ and the Hospitals ‘schools’ is a question of fact, not a question of law”). Thus, the federal courts of appeals have repeatedly rejected, based upon the unambiguous terms of Section 3121(b)(10), the IRS’s argument that the Student Exception is categorically off limits to medical residents and teaching hospitals.

¹ All references to “Section” are to Sections of the Code.

University Hospitals of Cleveland
 EIN [REDACTED] 7805

However, the 2005 Regulation, if valid, effectively places the Student Exception categorically off limits to UHC and the Residents as of and after April 1, 2005. Treas. Reg. § 31.3121(b)(10)-2 (2005). The plain terms of the Student Exception statute, Section 3121(b)(10), cannot bear that interpretation. See *The University of Chicago Hospitals v. U.S.*, *supra* (holding that the plain terms of Section 3121(b)(10) contradict the IRS's argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *United States v. Memorial Sloan-Kettering Cancer Center*, *supra* (same); and *U.S. v. Detroit Medical Center*, *supra* (rejecting the IRS's "categorically off limits" argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra* – each of which relied upon the plain terms of Section 3121(b)(10)). The 2005 Regulation is unreasonable, arbitrary, capricious, manifestly contrary to the statute it purports to interpret, and manifestly contrary to Treas. Reg. § 31.3121(b)(10)-2 as promulgated by T.D. 6190, as republished by T.D. 6516, and as amended by T.D. 7373 (the "1956 Regulation").

The 2005 Regulation is thus invalid under the legal standards set out in *National Muffler Dealers Association v. U.S.*, 440 U.S. 472 (1979), and *Chevron U.S.A., Inc. v. Natural Resources Defense Council*, 467 U.S. 837 (1984). See *Mayo Found. for Med. Educ. and Research v. U.S.*, 503 F. Supp. 2d 1164 (D. Minn. 2007) (holding the 2005 Regulation invalid); *Regents of the University of Minnesota v. U.S.*, 2008 U.S. Dist. LEXIS 26263 (D. Minn. 2008) (same); *but cf. Mayo Found. for Med. Educ. and Research v. U.S.*, 2009 U.S. App. LEXIS 15413 (8th Cir. 2009).

In addition, the 2005 Regulation is invalid because it contradicts the 1956 Regulation – a regulation with content directly derived from a 1940 regulation. The Student Exception, enacted in 1939, was interpreted by the 1956 Regulation. The statutes that surround the Student Exception have been addressed numerous times by Congress since 1940 and since 1956. The 1956 regulation thus has "the effect of law" under *U.S. v. Correll*, 389 U.S. 299 (1967), and may not be contradicted by the belated and dubious 2005 Regulation.

UHC and its Residents are entitled to recover under the legal standards that prevail in the absence of the 2005 Regulation, including the 1956 Regulation. See, e.g., *U.S. v. Mt. Sinai Med. Ctr.*, 2008 U.S. Dist. LEXIS 57808 (S.D. Fla. July 28, 2008) (finding and concluding, based upon the facts and circumstances, that medical residents come within the exception from tax set out in Section 3121(b)(10)). The IRS has acknowledged as much in its announcement, made on March 2, 2010:

[The IRS] has made an administrative determination to accept the position that medical residents are excepted from FICA taxes based on the student exception for tax periods ending before April 1, 2005, when new IRS regulations went into effect.

IR-2010-25. This announcement thus concedes that (i) the Residents are "students" and (ii) UHC is a "school, college or university," for purposes of Section 3121(b)(10) of the Code, unless the 2005 Regulation is valid and controlling -- which it is not, as shown above.

We also understand that IRS will be interpreting this announcement to mean that the so-called Medicare Offset, sometimes asserted by the Department of Justice in response to FICA tax refund suits brought by teaching hospitals, should not be asserted by the IRS to reduce the refund

University Hospitals of Cleveland
EIN [REDACTED] 7805

payable to teaching hospitals and their residents. In any event, that Medicare Offset has no merit.

CONCLUSION

Payments made by or for UHC to the Residents qualify for the Student Exception and, therefore, are not subject to FICA taxes. UHC respectfully requests that the IRS refund to UHC the entirety of both the employer and employee portions of the FICA taxes that were erroneously treated as FICA wages, plus any interest paid thereon, plus interest as provided by law.

Form **8275-R**

(Rev. August 2008)

Department of the Treasury
Internal Revenue Service**Regulation Disclosure Statement**Use this form only to disclose items or positions that are contrary to Treasury regulations. For other disclosures, use Form 8275, Disclosure Statement.
See separate instructions.

▶ Attach to your tax return.

OMB No. 1545-0889

Attachment
Sequence No. **92A**

Name(s) shown on return

University Hospitals of Cleveland

Identifying number shown on return

7805

Part I General Information (see instructions)

| (a) Regulation Section | (b) Item or Group of Items | (c) Detailed Description of Items | (d) Form or Schedule | (e) Line No. | (f) Amount |
|---------------------------|----------------------------------|---|----------------------------|--------------------|---------------|
| 1 31.3121(b)(10)-2 | FICA Wages | Stipends paid to medical residents and fellows are not Social Security or Medicare wages. | 941-X | 18 | AMOUNT * |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |

Part II Detailed Explanation (see instructions)

1 * or such greater amount to which taxpayer is entitled, plus any interest thereon, plus statutory interest as provided by law. This Form 8275-R relates to the third quarter of 2006.

2 See attached Addendum to Form 941-X for a statement of the basis of the instant refund claim.

3

4

5

6

Part III Information About Pass-Through Entity. To be completed by partners, shareholders, beneficiaries, or residual interest holders.

Complete this part only if you are making adequate disclosure for a pass-through item.

Note: A pass-through entity is a partnership, S corporation, estate, trust, regulated investment company (RIC), real estate investment trust (REIT), or real estate mortgage investment conduit (REMIC).

| | |
|--|---|
| 1 Name, address, and ZIP code of pass-through entity | 2 Identifying number of pass-through entity |
| Name | 3 Tax year of pass-through entity |
| Address | to |
| City | 4 Internal Revenue Service Center where the pass-through entity |
| State ZIP code | filed its return |
| Foreign country | |

For Paperwork Reduction Act Notice, see separate instructions.

Form **8275-R** (Rev. 8-2008)

(HTA)

Part IV Explanations (continued from Parts I and/or II)

University Hospitals of Cleveland
 EIN [REDACTED] 7805

ADDENDUM TO FORM 941-X

I. OVERVIEW

University Hospitals of Cleveland ("UHC") respectfully requests a refund of certain employer and employee portions of the Federal Insurance Contributions Act ("FICA") taxes that were paid to the Internal Revenue Service ("IRS") for the third calendar quarter of 2006, plus any interest paid thereon, plus statutory interest as provided by law. These taxes were overpaid with respect to payments made during that quarter to medical residents and fellows (collectively, the "Residents") who were students employed by UHC or an affiliate during the third quarter of 2006. UHC believes that the payments made to the Residents were incorrectly treated as taxable for FICA tax purposes, but it caused the FICA tax thereon to be paid anyway because a regulation, discussed below, purportedly required payment of the tax.

Part II discusses a procedural issue. Part III sets out a brief statement of facts relating to the claim for refund reflected on the attached Form 941-X. Part IV sets out legal authorities and analysis upon which UHC's claim for refund is based.

II. EMPLOYEE CONSENTS

UHC files this refund claim both on its own behalf and on the behalf of the Residents. UHC has sought or will seek and retain any applicable written consents of the affected Residents, whereby each Resident: (1) authorizes UHC to apply for this refund, (2) states whether he or she has previously claimed a refund or credit of the overcollected FICA taxes (and if such a claim has been filed, whether it has been denied), and (3) confirms that the Resident will not claim any additional refund or credit regarding these FICA taxes, if, in signing the consent, the Resident authorizes UHC to file a claim for refund on his or her behalf. These consents will be timely obtained in accordance with the decision in *Chicago Milwaukee Corp. v. U.S.*, 40 F.3d 373 (Fed. Cir. 1994), a decision which the IRS has previously acknowledged to be controlling.

III. SUMMARY OF FACTS

UHC offers medical residency and fellowship programs in which the Residents are trained and educated to become practicing physicians. On March 2, 2010 the IRS announced that payments made to medical residents during periods before the second quarter of 2005 are not subject to FICA taxes because those payments come within Section 3121(b)(10) of the Internal Revenue Code of 1986, as amended (the "Code"), the so-called Student Exception from FICA tax (discussed below) and thus are exempt from that tax. *See* IR-2010-25 (Mar. 2, 2010), found at www.irs.gov.

UHC has continued to withhold FICA taxes for periods after the first quarter of 2005, to conform to the requirements of Treas. Reg. § 31.3121(b)(10)-2, as amended by T.D. 9167 and effective on and after April 1, 2005 (the "2005 Regulation"). UHC did so even though it disputes that the 2005 Regulation is a proper interpretation of the Student Exception (discussed below).

University Hospitals of Cleveland
 EIN [REDACTED] 7805

IV. LEGAL AUTHORITIES AND ANALYSIS

Sections 3101 and 3111 impose FICA taxes on all the wages paid to an employee by an employer during the calendar year.¹ Section 3121(a) defines the term “wages” for FICA tax purposes as all remuneration for “employment,” subject to certain exceptions. Certain services are specifically excepted from the definition of “employment.” Among those exceptions is the so-called Student Exception. This exception was designed by Congress to relieve students and the schools, colleges, and universities employing them from the financial burden of paying FICA taxes. To implement its intent, Congress statutorily excluded from the definition of “employment” services performed by students in the employ of a school, college, or university (the “Student Exception”).

Specifically, Section 3121(b)(10) provides, in relevant part, that the term “employment” does not include service performed in the employ of (A) a school, college, or university, or (B) an organization described in Section 509(a)(3) if the organization is organized, and at all times thereafter is (i) operated to perform the functions of or to carry out the purposes of a school, college, or university and (ii) is operated, supervised, or controlled in connection with such school, college, or university . . . if such service is performed by a student who is enrolled and regularly attending classes at such school, college, or university. *See also* Treas. Reg. § 31.3121(b)(10)-2(a) (2004). For purposes of the Student Exception, as understood for many decades, the amount of compensation received, the type of services performed, and the place where the services are performed are immaterial. Treas. Reg. § 31.3121(b)(10)-2(a) (2004).

The question whether medical residents are eligible for the Student Exception has been repeatedly addressed by the courts. The U.S. Court of Appeals for the Eighth Circuit, in *Minnesota v. Apfel*, 151 F.3d 742 (8th Cir. 1998) and the U.S. District Court for the District of Minnesota, in *U.S. v. Mayo Found. for Med. Educ. and Research*, 282 F. Supp.2d 997 (D. Minn. 2003) and *Minnesota v. Chater*, 1997 WL 33352908 (May 21, 1997, D. Minn.), correctly ruled in favor of the taxpayers, holding that the Student Exception applies to medical residents. The issue was also addressed and resolved in favor of the taxpayer in *U.S. v. Mt. Sinai Med. Ctr. of Florida, Inc.*, 486 F.3d 1248 (11th Cir. 2007) (finding and concluding, based upon the facts and circumstances, that payments made to medical residents fall within the Student Exception). *See also The University of Chicago Hospitals v. U.S.*, 545 F.3d 564 (7th Cir. 2008) (holding that the plain terms of Section 3121(b)(10) contradict the IRS’s argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *U.S. v. Detroit Med. Ctr.*, 2009 U.S. App. LEXIS 3760 (6th Cir. Feb. 26, 2009) (rejecting the IRS’s “categorically off limits” argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra*) – each of which relied upon the plain terms of Section 3121(b)(10); and *U.S. v. Memorial Sloan-Kettering Cancer Ctr.*, 563 F.3d 19, 22 (2nd Cir. 2009) (stating that “[w]e agree with the Sixth, Seventh, and Eleventh Circuits that the statute is unambiguous and that whether medical residents are ‘students’ and the Hospitals ‘schools’ is a question of fact, not a question of law”). Thus, the federal courts of appeals have repeatedly rejected, based upon the unambiguous terms of Section 3121(b)(10), the IRS’s argument that the Student Exception is categorically off limits to medical residents and teaching hospitals.

¹ All references to “Section” are to Sections of the Code.

University Hospitals of Cleveland
 EIN [REDACTED] 7805

However, the 2005 Regulation, if valid, effectively places the Student Exception categorically off limits to UHC and the Residents as of and after April 1, 2005. Treas. Reg. § 31.3121(b)(10)-2 (2005). The plain terms of the Student Exception statute, Section 3121(b)(10), cannot bear that interpretation. See *The University of Chicago Hospitals v. U.S.*, *supra* (holding that the plain terms of Section 3121(b)(10) contradict the IRS's argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *United States v. Memorial Sloan-Kettering Cancer Center*, *supra* (same); and *U.S. v. Detroit Medical Center*, *supra* (rejecting the IRS's "categorically off limits" argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra* – each of which relied upon the plain terms of Section 3121(b)(10)). The 2005 Regulation is unreasonable, arbitrary, capricious, manifestly contrary to the statute it purports to interpret, and manifestly contrary to Treas. Reg. § 31.3121(b)(10)-2 as promulgated by T.D. 6190, as republished by T.D. 6516, and as amended by T.D. 7373 (the "1956 Regulation").

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In addition, the 2005 Regulation is invalid because it contradicts the 1956 Regulation – a regulation with content directly derived from a 1940 regulation. The Student Exception, enacted in 1939, was interpreted by the 1956 Regulation. The statutes that surround the Student Exception have been addressed numerous times by Congress since 1940 and since 1956. The 1956 regulation thus has "the effect of law" under *U.S. v. Correll*, 389 U.S. 299 (1967), and may not be contradicted by the belated and dubious 2005 Regulation.

UHC and its Residents are entitled to recover under the legal standards that prevail in the absence of the 2005 Regulation, including the 1956 Regulation. See, e.g., *U.S. v. Mt. Sinai Med. Ctr.*, 2008 U.S. Dist. LEXIS 57808 (S.D. Fla. July 28, 2008) (finding and concluding, based upon the facts and circumstances, that medical residents come within the exception from tax set out in Section 3121(b)(10)). The IRS has acknowledged as much in its announcement, made on March 2, 2010:

[The IRS] has made an administrative determination to accept the position that medical residents are excepted from FICA taxes based on the student exception for tax periods ending before April 1, 2005, when new IRS regulations went into effect.

IR-2010-25. This announcement thus concedes that (i) the Residents are "students" and (ii) UHC is a "school, college or university," for purposes of Section 3121(b)(10) of the Code, unless the 2005 Regulation is valid and controlling -- which it is not, as shown above.

We also understand that IRS will be interpreting this announcement to mean that the so-called Medicare Offset, sometimes asserted by the Department of Justice in response to FICA tax refund suits brought by teaching hospitals, should not be asserted by the IRS to reduce the refund

University Hospitals of Cleveland
EIN [REDACTED] 7805

payable to teaching hospitals and their residents. In any event, that Medicare Offset has no merit.

CONCLUSION

Payments made by or for UHC to the Residents qualify for the Student Exception and, therefore, are not subject to FICA taxes. UHC respectfully requests that the IRS refund to UHC the entirety of both the employer and employee portions of the FICA taxes that were erroneously treated as FICA wages, plus any interest paid thereon, plus interest as provided by law.

Supplemental

Form **941-X**: Adjusted Employer's **QUARTERLY** Federal Tax Return or Claim for Refund
(Rev. June 2009) Department of the Treasury — Internal Revenue Service OMB No. 1545-0029

| | | | |
|---|--------|--|----------|
| (EIN) Employer Identification number | | 7805 | |
| Name (not your trade name) | | University Hospitals of Cleveland | |
| Trade name (if any) | | University Hospitals Case Medical Center | |
| Address | | | |
| 11100 Euclid Avenue | | | |
| Number | Street | State or room number | |
| Cleveland | | OHIO | 44106 |
| City | | State | ZIP code |

Use this form to correct errors you made on Form 941 or 941-SS for one quarter only. Type or print within the boxes. You **MUST** complete all three pages. Read the instructions before completing this form. Do not attach this form to Form 941 or 941-SS.

Part 1: Select ONLY one process.

- ☐ 1. **Adjusted employment tax return.** Check this box if you underreported amounts. Also check this box if you overreported amounts and you would like to use the adjustment process to correct the errors. You must check this box if you are correcting both underreported and overreported amounts on this form. The amount shown on line 18, if less than 0, may only be applied as a credit to your Form 941, Form 941-SS, Form 944, or Form 944-SS for the tax period in which you are filing this form.
- ☒ 2. **Claim.** Check this box if you overreported amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 18. Do not check this box if you are correcting ANY underreported amounts on this form.

Return You Are Correcting ...

Check the type of return you are correcting:

- ☒ 941
☐ 941-SS

Check the ONE quarter you are correcting:

- ☐ 1: January, February, March
☐ 2: April, May, June
☐ 3: July, August, September
☒ 4: October, November, December

Enter the calendar year of the quarter you are correcting:

2006 (YYYY)

Enter the date you discovered errors:

01/31/2007
(MM / DD / YYYY)

Part 2: Complete the certifications.

- ☒ 3. I certify that I have filed or will file Forms W-2, Wage and Tax Statement, or Forms W-2c, Corrected Wage and Tax Statement, as required.
- Note. If you are correcting underreported amounts only, go to Part 3 on page 2 and skip lines 4 and 5.
4. If you checked line 1 because you are adjusting overreported amounts, check all that apply. You must check at least one box I certify that:
- ☐ a. I repaid or reimbursed each affected employee for the overcollected federal income tax for the current year and the overcollected social security and Medicare tax for current and prior years. For adjustments of employee social security and Medicare tax overcollected in prior years, I have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ b. The adjustment of social security tax and Medicare tax is for the employer's share only. I could not find the affected employees or each employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ c. The adjustment is for federal income tax, social security tax, and Medicare tax that I did not withhold from employee wages.
5. If you checked line 2 because you are claiming a refund or abatement of overreported employment taxes, check all that apply. You must check at least one box. I certify that:
- ☐ a. I repaid or reimbursed each affected employee for the overcollected social security and Medicare tax. For claims of employee social security and Medicare tax overcollected in prior years, I have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☒ b. I have a written consent from each affected employee stating that I may file this claim for the employee's share of social security and Medicare tax. For refunds of employee social security and Medicare tax overcollected in prior years, I also have a written statement from each employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ c. The claim for social security tax and Medicare tax is for the employer's share only. I could not find the affected employees, or each employee did not give me a written consent to file a claim for the employee's share of social security and Medicare tax, or each employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.
- ☐ d. The claim is for federal income tax, social security tax, and Medicare tax that I did not withhold from employee wages.

Next →

| | | |
|---|--------------------------------------|-----------------------------------|
| Name (not your trade name) | Employer identification number (EIN) | Correcting quarter 4 (1, 2, 3, 4) |
| University Hospitals of Cleveland | 7805 | Correcting calendar year (mm) |
| Part 3: Enter the corrections for this quarter. If any line does not apply, leave it blank. | | 2006 |

| | Column 1 | Column 2 | Column 3 | Column 4 |
|--|--|---|---|---|
| | Total corrected amount (for ALL employees) | Amount originally reported or as previously corrected (for ALL employees) | Difference (If this amount is a negative number, use a minus sign.) | Tax correction |
| 6. Wages, tips and other compensation (from line 2 of Form 941) | | | | Use the amount in Column 1 when you prepare your Forms W-2 or Forms W-2c. |
| 7. Income tax withheld from wages, tips, and other compensation (from line 3 of Form 941) | | | | Copy Column 1 here |
| 8. Taxable social security wages (from line 5a, Column 1 of Form 941 or Form 941-SS) | 115,197,377.81 | 122,714,959.83 | -7,517,582.02 | X .124 = -932,180.17 *If you are correcting your employer share only, use .062. See instructions. |
| 9. Taxable social security tips (from line 5b, Column 1 of Form 941 or Form 941-SS) | | | | X .124 = *If you are correcting your employer share only, use .062. See instructions. |
| 10. Taxable Medicare wages and tips (from line 5c, Column 1 of Form 941 or Form 941-SS) | 140,298,226.38 | 148,034,540.86 | -7,736,314.48 | X .029 = -224,353.12 *If you are correcting your employer share only, use .0145. See instructions. |
| 11. Tax adjustments (from lines 7a through 7c of Form 941 or Form 941-SS) | | | | Copy Column 3 here |
| 12. Special addition to wages for federal income tax | | | | See instructions |
| 13. Special addition to wages for social security taxes | | | | See instructions |
| 14. Special addition to wages for Medicare taxes | | | | See instructions |
| 15. Combine the amounts on lines 7-14 of Column 4 | | | | -1,156,533.29 |
| 16. Advance earned income credit (EIC) payments made to employees (from Form 941, line 9) | | | | See instructions |
| 17a. COBRA premium assistance payments (from line 12a of Form 941 or 941-SS) | | | | See instructions |
| 17b. Number of individuals provided COBRA premium assistance (from line 12b of Form 941 or 941-SS) | | | | |
| 18. Total. Combine the amounts in lines 15, 16, and 17a of Column 4 | | | | -1,156,533.29 |

If line 18 is less than 0:

- If you checked line 1, this is the amount you want applied as a credit to your Form 941 or Form 941-SS for the tax period in which you are filing this form. (If you are currently filing a Form 944 or Form 944-SS, Employer's ANNUAL Federal Tax Return, see the instructions.)
- If you checked line 2, this is the amount you want refunded or abated.

If line 18 is more than 0, this is the amount you owe. Pay this amount when you file this return. For information on how to pay, see *Amount You Owe* in the instructions.

Next →

| | | |
|-----------------------------------|--------------------------------------|-----------------------------------|
| Name (not your trade name) | Employer identification number (EIN) | Correcting quarter 4 (1, 2, 3, 4) |
| University Hospitals of Cleveland | 7805 | Correcting calendar year (YYYY) |
| | | 2006 |

Part 4: Explain your corrections for this quarter.

- ☐ 19. Check here if any corrections you entered on a line include both underreported and overreported amounts. Explain both your underreported and overreported amounts on line 21.
- ☐ 20. Check here if any corrections involve reclassified workers. Explain on line 21.

21. You must give us a detailed explanation of how you determined your corrections. See the instructions.

The negative amount represents a claim for a refund.

Taxpayer claims interest as allowed by law on said refund, and a refund of any paid interest related to overpaid tax.

See the attached Addendum to Form 941-X for a statement of the basis of the instant refund claim.

A Form 8275-R disclosure statement is also attached.

Part 5: Sign here. You must complete all three pages of this form and sign it.

Under penalties of perjury, I declare that I have filed an original Form 941 or Form 941-SS and that I have examined this adjusted return or claim, including accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.



Sign your name here

Michael A. Szubski

Print your name here

Michael A. Szubski

Print your title here

UHHS Treasurer & CFO

Date

4-15-10

Best daytime phone (216) 844-1000

Paid preparer's use only

Check if you are self-employed ☐

Preparer's name

Preparer's SSN/PTIN

Preparer's signature

Date

Firm's name (or yours if self-employed)

EIN

Address

Phone

City

State

ZIP code

Form **2678**
(Rev. June 1997)**Employer Appointment of Agent**
Under Section 3504 of the Internal Revenue Code
(For use by employers or payers)OMB Number
1545-07481 To Internal Revenue Service Center
Ogden, UT 84201-0046Director
Ogden, UT Service Center**Instructions**

Employer or Payer: Please complete this form and give it to the agent.

Agent: Please attach a letter requesting authority to do either all that is required of the employer for wages you pay on the employer's behalf or all that is required of the payer for requirements of backup withholding. (See applicable Revenue Procedures 70-6 or 84-33.) Forward both the letter of request and Form 2678 to the Director of the Internal Revenue Service Center where you file your returns. (See reverse side for addresses.)

Note: Rev. Proc. 70-6 is available in Publication 1271 and Rev. Proc. 84-33 is available in Publication 1272.

2 Employer's or Payer's name

University Hospitals of Cleveland

4 Employer identification number

7805

5 Agent's name

University Hospitals Health System, Inc.

7 Agent's employer identification number

9 Effective for (Check the box or boxes that apply)

- ☒ Employment taxes (Rev. Proc. 70-6)
☐ Backup withholding (Rev. Proc. 84-33)

3 Employer's or Payer's address (Number and street, city, town or post office, State and ZIP code)

11100 Euclid Avenue
Cleveland, OH 44106

6 Agent's address (Number and street, city, town or post office, State and ZIP code)

11100 Euclid Avenue-ROBB 151
Cleveland, OH 441069 If filing under Rev. Proc. 70-6, does this apply to all employees?
☒ Yes ☐ No

10 Effective date of appointment by employer or payer

April 1, 2003

Under section 3504 of the Internal Revenue Code, please authorize this agent to do all that is required under (Check the one(s) that apply)

- ☒ Chapter 21 (FICA)
☐ Chapter 22 (Railroad Retirement)
☒ Chapter 24 --
☒ Withholding and/or
☐ Backup withholding
☒ Chapter 25 (General Provisions) of Subtitle C

The agent named above has been appointed either to pay wages for employers and/or report and deposit backup withholding amounts for payers. This appointment is effective on the date shown in item 10.

It is understood that the agent and the employer or payer are subject to all provisions of law and regulations (including penalties) which apply to employers or payers.

Signature of employer or payer

Date

Title of signing official (Indicate whether the person signing is an owner, partner, member of firm, fiduciary, or a corporate officer.)

Kevin Roberts, Sr. Vice President and CFO

For Internal Revenue Service Use Only

Effective date granted by IRS

For the Paperwork Reduction Act Notice, please see the back of this form.

Form 2678 (Rev. 10-97)

University Hospitals of Cleveland
 EIN [REDACTED] 7805

ADDENDUM TO FORM 941-X

I. OVERVIEW

University Hospitals of Cleveland ("UHC") respectfully requests a refund of certain employer and employee portions of the Federal Insurance Contributions Act ("FICA") taxes that were paid to the Internal Revenue Service ("IRS") for the fourth calendar quarter of 2006, plus any interest paid thereon, plus statutory interest as provided by law. These taxes were overpaid with respect to payments made during that quarter to medical residents and fellows (collectively, the "Residents") who were students employed by UHC or an affiliate during the fourth quarter of 2006. UHC believes that the payments made to the Residents were incorrectly treated as taxable for FICA tax purposes, but it caused the FICA tax thereon to be paid anyway because a regulation, discussed below, purportedly required payment of the tax.

Part II discusses a procedural issue. Part III sets out a brief statement of facts relating to the claim for refund reflected on the attached Form 941-X. Part IV sets out legal authorities and analysis upon which UHC's claim for refund is based.

II. EMPLOYEE CONSENTS

UHC files this refund claim both on its own behalf and on the behalf of the Residents. UHC has sought or will seek and retain any applicable written consents of the affected Residents, whereby each Resident: (1) authorizes UHC to apply for this refund, (2) states whether he or she has previously claimed a refund or credit of the overcollected FICA taxes (and if such a claim has been filed, whether it has been denied), and (3) confirms that the Resident will not claim any additional refund or credit regarding these FICA taxes, if, in signing the consent, the Resident authorizes UHC to file a claim for refund on his or her behalf. These consents will be timely obtained in accordance with the decision in *Chicago Milwaukee Corp. v. U.S.*, 40 F.3d 373 (Fed. Cir. 1994), a decision which the IRS has previously acknowledged to be controlling.

III. SUMMARY OF FACTS

UHC offers medical residency and fellowship programs in which the Residents are trained and educated to become practicing physicians. On March 2, 2010 the IRS announced that payments made to medical residents during periods before the second quarter of 2005 are not subject to FICA taxes because those payments come within Section 3121(b)(10) of the Internal Revenue Code of 1986, as amended (the "Code"), the so-called Student Exception from FICA tax (discussed below) and thus are exempt from that tax. See IR-2010-25 (Mar. 2, 2010), found at www.irs.gov.

UHC has continued to withhold FICA taxes for periods after the first quarter of 2005, to conform to the requirements of Treas. Reg. § 31.3121(b)(10)-2, as amended by T.D. 9167 and effective on and after April 1, 2005 (the "2005 Regulation"). UHC did so even though it disputes that the 2005 Regulation is a proper interpretation of the Student Exception (discussed below).

University Hospitals of Cleveland
 EIN [REDACTED] 7805

IV. LEGAL AUTHORITIES AND ANALYSIS

Sections 3101 and 3111 impose FICA taxes on all the wages paid to an employee by an employer during the calendar year.¹ Section 3121(a) defines the term “wages” for FICA tax purposes as all remuneration for “employment,” subject to certain exceptions. Certain services are specifically excepted from the definition of “employment.” Among those exceptions is the so-called Student Exception. This exception was designed by Congress to relieve students and the schools, colleges, and universities employing them from the financial burden of paying FICA taxes. To implement its intent, Congress statutorily excluded from the definition of “employment” services performed by students in the employ of a school, college, or university (the “Student Exception”).

Specifically, Section 3121(b)(10) provides, in relevant part, that the term “employment” does not include service performed in the employ of (A) a school, college, or university, or (B) an organization described in Section 509(a)(3) if the organization is organized, and at all times thereafter is (i) operated to perform the functions of or to carry out the purposes of a school, college, or university and (ii) is operated, supervised, or controlled in connection with such school, college, or university . . . if such service is performed by a student who is enrolled and regularly attending classes at such school, college, or university. *See also* Treas. Reg. § 31.3121(b)(10)-2(a) (2004). For purposes of the Student Exception, as understood for many decades, the amount of compensation received, the type of services performed, and the place where the services are performed are immaterial. Treas. Reg. § 31.3121(b)(10)-2(a) (2004).

The question whether medical residents are eligible for the Student Exception has been repeatedly addressed by the courts. The U.S. Court of Appeals for the Eighth Circuit, in *Minnesota v. Apfel*, 151 F.3d 742 (8th Cir. 1998) and the U.S. District Court for the District of Minnesota, in *U.S. v. Mayo Found. for Med. Educ. and Research*, 282 F. Supp.2d 997 (D. Minn. 2003) and *Minnesota v. Chater*, 1997 WL 33352908 (May 21, 1997, D. Minn.), correctly ruled in favor of the taxpayers, holding that the Student Exception applies to medical residents. The issue was also addressed and resolved in favor of the taxpayer in *U.S. v. Mt. Sinai Med. Ctr. of Florida, Inc.*, 486 F.3d 1248 (11th Cir. 2007) (finding and concluding, based upon the facts and circumstances, that payments made to medical residents fall within the Student Exception). *See also The University of Chicago Hospitals v. U.S.*, 545 F.3d 564 (7th Cir. 2008) (holding that the plain terms of Section 3121(b)(10) contradict the IRS’s argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *U.S. v. Detroit Med. Ctr.*, 2009 U.S. App. LEXIS 3760 (6th Cir. Feb. 26, 2009) (rejecting the IRS’s “categorically off limits” argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra*) – each of which relied upon the plain terms of Section 3121(b)(10); and *U.S. v. Memorial Sloan-Kettering Cancer Ctr.*, 563 F.3d 19, 22 (2nd Cir. 2009) (stating that “[w]e agree with the Sixth, Seventh, and Eleventh Circuits that the statute is unambiguous and that whether medical residents are ‘students’ and the Hospitals ‘schools’ is a question of fact, not a question of law”). Thus, the federal courts of appeals have repeatedly rejected, based upon the unambiguous terms of Section 3121(b)(10), the IRS’s argument that the Student Exception is categorically off limits to medical residents and teaching hospitals.

¹ All references to “Section” are to Sections of the Code.

University Hospitals of Cleveland
 EIN [REDACTED] 7805

However, the 2005 Regulation, if valid, effectively places the Student Exception categorically off limits to UHC and the Residents as of and after April 1, 2005. Treas. Reg. § 31.3121(b)(10)-2 (2005). The plain terms of the Student Exception statute, Section 3121(b)(10), cannot bear that interpretation. See *The University of Chicago Hospitals v. U.S.*, *supra* (holding that the plain terms of Section 3121(b)(10) contradict the IRS's argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *United States v. Memorial Sloan-Kettering Cancer Center*, *supra* (same); and *U.S. v. Detroit Medical Center*, *supra* (rejecting the IRS's "categorically off limits" argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra* – each of which relied upon the plain terms of Section 3121(b)(10)). The 2005 Regulation is unreasonable, arbitrary, capricious, manifestly contrary to the statute it purports to interpret, and manifestly contrary to Treas. Reg. § 31.3121(b)(10)-2 as promulgated by T.D. 6190, as republished by T.D. 6516, and as amended by T.D. 7373 (the "1956 Regulation").

The 2005 Regulation is thus invalid under the legal standards set out in *National Muffler Dealers Association v. U.S.*, 440 U.S. 472 (1979), and *Chevron U.S.A., Inc. v. Natural Resources Defense Council*, 467 U.S. 837 (1984). See *Mayo Found. for Med. Educ. and Research v. U.S.*, 503 F. Supp. 2d 1164 (D. Minn. 2007) (holding the 2005 Regulation invalid); *Regents of the University of Minnesota v. U.S.*, 2008 U.S. Dist. LEXIS 26263 (D. Minn. 2008) (same); but cf. *Mayo Found. for Med. Educ. and Research v. U.S.*, 2009 U.S. App. LEXIS 15413 (8th Cir. 2009).

In addition, the 2005 Regulation is invalid because it contradicts the 1956 Regulation – a regulation with content directly derived from a 1940 regulation. The Student Exception, enacted in 1939, was interpreted by the 1956 Regulation. The statutes that surround the Student Exception have been addressed numerous times by Congress since 1940 and since 1956. The 1956 regulation thus has "the effect of law" under *U.S. v. Correll*, 389 U.S. 299 (1967), and may not be contradicted by the belated and dubious 2005 Regulation.

UHC and its Residents are entitled to recover under the legal standards that prevail in the absence of the 2005 Regulation, including the 1956 Regulation. See, e.g., *U.S. v. Mt. Sinai Med. Ctr.*, 2008 U.S. Dist. LEXIS 57808 (S.D. Fla. July 28, 2008) (finding and concluding, based upon the facts and circumstances, that medical residents come within the exception from tax set out in Section 3121(b)(10)). The IRS has acknowledged as much in its announcement, made on March 2, 2010:

[The IRS] has made an administrative determination to accept the position that medical residents are excepted from FICA taxes based on the student exception for tax periods ending before April 1, 2005, when new IRS regulations went into effect.

IR-2010-25. This announcement thus concedes that (i) the Residents are "students" and (ii) UHC is a "school, college or university," for purposes of Section 3121(b)(10) of the Code, unless the 2005 Regulation is valid and controlling -- which it is not, as shown above.

We also understand that IRS will be interpreting this announcement to mean that the so-called Medicare Offset, sometimes asserted by the Department of Justice in response to FICA tax refund suits brought by teaching hospitals, should not be asserted by the IRS to reduce the refund

University Hospitals of Cleveland
EIN [REDACTED] 7805

payable to teaching hospitals and their residents. In any event, that Medicare Offset has no merit.

CONCLUSION

Payments made by or for UHC to the Residents qualify for the Student Exception and, therefore, are not subject to FICA taxes. UHC respectfully requests that the IRS refund to UHC the entirety of both the employer and employee portions of the FICA taxes that were erroneously treated as FICA wages, plus any interest paid thereon, plus interest as provided by law.

Form **8275-R**

(Rev. August 2008)

Department of the Treasury
Internal Revenue Service**Regulation Disclosure Statement**Use this form only to disclose items or positions that are contrary to Treasury regulations. For other disclosures, use Form 8275, Disclosure Statement.
See separate instructions.

▶ Attach to your tax return.

OMB No. 1545-0089

Attachment
Sequence No. **92A**

Name(s) shown on return

University Hospitals of Cleveland

Identifying number shown on return

7805

Part I General Information (see instructions)

| (a) Regulation Section | (b) Item or Group of Items | (c) Detailed Description of Items | (d) Form or Schedule | (e) Line No. | (f) Amount |
|---------------------------|----------------------------------|---|----------------------------|--------------------|---------------|
| 1 31.3121(b)(10)-2 | FICA Wages | Stipends paid to medical residents and fellows are not Social Security or Medicare wages. | 941-X | 1B | AMOUNT * |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |

Part II Detailed Explanation (see instructions)

1 * or such greater amount to which taxpayer is entitled, plus any interest thereon, plus statutory interest as provided by law. This Form 8275-R relates to the fourth quarter of 2006.

2 See attached Addendum to Form 941-X for a statement of the basis of the instant refund claim.

3

4

5

6

Part III Information About Pass-Through Entity. To be completed by partners, shareholders, beneficiaries, or residual interest holders.

Complete this part only if you are making adequate disclosure for a pass-through item.

Note: A pass-through entity is a partnership, S corporation, estate, trust, regulated investment company (RIC), real estate investment trust (REIT), or real estate mortgage investment conduit (REMIC).

| | |
|--|---|
| 1 Name, address, and ZIP code of pass-through entity Name Address City State ZIP code Foreign country | 2 Identifying number of pass-through entity |
| | 3 Tax year of pass-through entity to |
| | 4 Internal Revenue Service Center where the pass-through entity filed its return |
| | |

For Paperwork Reduction Act Notice, see separate instructions.
(HTA)

Form **8275-R** (Rev. 8-2008)

Part IV Explanations (continued from Parts I and/or II)

University Hospitals of Cleveland
 EIN [REDACTED] 7805

ADDENDUM TO FORM 941-X

I. OVERVIEW

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University Hospitals of Cleveland
 EIN [REDACTED] 7805

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Specifically, Section 3121(b)(10) provides, in relevant part, that the term “employment” does not include service performed in the employ of (A) a school, college, or university, or (B) an organization described in Section 509(a)(3) if the organization is organized, and at all times thereafter is (i) operated to perform the functions of or to carry out the purposes of a school, college, or university and (ii) is operated, supervised, or controlled in connection with such school, college, or university . . . if such service is performed by a student who is enrolled and regularly attending classes at such school, college, or university. *See also* Treas. Reg. § 31.3121(b)(10)-2(a) (2004). For purposes of the Student Exception, as understood for many decades, the amount of compensation received, the type of services performed, and the place where the services are performed are immaterial. Treas. Reg. § 31.3121(b)(10)-2(a) (2004).

The question whether medical residents are eligible for the Student Exception has been repeatedly addressed by the courts. The U.S. Court of Appeals for the Eighth Circuit, in *Minnesota v. Apfel*, 151 F.3d 742 (8th Cir. 1998) and the U.S. District Court for the District of Minnesota, in *U.S. v. Mayo Found. for Med. Educ. and Research*, 282 F. Supp.2d 997 (D. Minn. 2003) and *Minnesota v. Chater*, 1997 WL 33352908 (May 21, 1997, D. Minn.), correctly ruled in favor of the taxpayers, holding that the Student Exception applies to medical residents. The issue was also addressed and resolved in favor of the taxpayer in *U.S. v. Mt. Sinai Med. Ctr. of Florida, Inc.*, 486 F.3d 1248 (11th Cir. 2007) (finding and concluding, based upon the facts and circumstances, that payments made to medical residents fall within the Student Exception). *See also The University of Chicago Hospitals v. U.S.*, 545 F.3d 564 (7th Cir. 2008) (holding that the plain terms of Section 3121(b)(10) contradict the IRS’s argument that the provision is categorically off limits to medical residents); *U.S. v. Mt. Sinai Med. Ctr.*, *supra* (same); *U.S. v. Detroit Med. Ctr.*, 2009 U.S. App. LEXIS 3760 (6th Cir. Feb. 26, 2009) (rejecting the IRS’s “categorically off limits” argument based upon *The University of Chicago Hospitals v. U.S.*, *supra*, and *U.S. v. Mt. Sinai Med. Ctr.*, *supra*) – each of which relied upon the plain terms of Section 3121(b)(10); and *U.S. v. Memorial Sloan-Kettering Cancer Ctr.*, 563 F.3d 19, 22 (2nd Cir. 2009) (stating that “[w]e agree with the Sixth, Seventh, and Eleventh Circuits that the statute is unambiguous and that whether medical residents are ‘students’ and the Hospitals ‘schools’ is a question of fact, not a question of law”). Thus, the federal courts of appeals have repeatedly rejected, based upon the unambiguous terms of Section 3121(b)(10), the IRS’s argument that the Student Exception is categorically off limits to medical residents and teaching hospitals.

¹ All references to “Section” are to Sections of the Code.

University Hospitals of Cleveland
 EIN [REDACTED] 7805

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In addition, the 2005 Regulation is invalid because it contradicts the 1956 Regulation – a regulation with content directly derived from a 1940 regulation. The Student Exception, enacted in 1939, was interpreted by the 1956 Regulation. The statutes that surround the Student Exception have been addressed numerous times by Congress since 1940 and since 1956. The 1956 regulation thus has "the effect of law" under *U.S. v. Correll*, 389 U.S. 299 (1967), and may not be contradicted by the belated and dubious 2005 Regulation.

UHC and its Residents are entitled to recover under the legal standards that prevail in the absence of the 2005 Regulation, including the 1956 Regulation. See, e.g., *U.S. v. Mt. Sinai Med. Ctr.*, 2008 U.S. Dist. LEXIS 57808 (S.D. Fla. July 28, 2008) (finding and concluding, based upon the facts and circumstances, that medical residents come within the exception from tax set out in Section 3121(b)(10)). The IRS has acknowledged as much in its announcement, made on March 2, 2010:

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IR-2010-25. This announcement thus concedes that (i) the Residents are "students" and (ii) UHC is a "school, college or university," for purposes of Section 3121(b)(10) of the Code, unless the 2005 Regulation is valid and controlling -- which it is not, as shown above.

We also understand that IRS will be interpreting this announcement to mean that the so-called Medicare Offset, sometimes asserted by the Department of Justice in response to FICA tax refund suits brought by teaching hospitals, should not be asserted by the IRS to reduce the refund

University Hospitals of Cleveland
EIN [REDACTED] 7805

payable to teaching hospitals and their residents. In any event, that Medicare Offset has no merit.

CONCLUSION

Payments made by or for UHC to the Residents qualify for the Student Exception and, therefore, are not subject to FICA taxes. UHC respectfully requests that the IRS refund to UHC the entirety of both the employer and employee portions of the FICA taxes that were erroneously treated as FICA wages, plus any interest paid thereon, plus interest as provided by law.

5010-108-001-4

Form 843
(Rev. February 2008)
Department of the Treasury
Internal Revenue Service

Claim for Refund and Request for Abatement

► See separate instructions.

OMB No. 1545-0024

Use Form 843 if your claim or request involves:

- (a) a refund of one of the taxes (other than income taxes) shown on line 3,
- (b) an abatement of employment or certain excise taxes, or
- (c) a refund or abatement of interest, penalties, or additions to tax for one of the reasons shown on line 5a.

Do not use Form 843 if your claim or request involves:

- (a) an overpayment of income taxes (use the appropriate amended income tax return),
- (b) a refund of excise taxes based on the nontaxable use or sale of fuels, or
- (c) an overpayment of excise taxes reported on Form(s) 11-C, 720, 730, or 2290.

COPY

| | |
|--|--|
| Name(s) University Hospitals of Cleveland | Your social security number |
| Address (number, street, and room or suite no.) 11100 Euclid Avenue | Spouse's social security number |
| City or town, state, and ZIP code Cleveland, OH 44106 | Employer identification number (EIN) 7805 |
| Name and address shown on return if different from above | Daytime telephone number |

*See attached Form 2678 showing pay agent relationship

| | |
|--|---|
| 1 Period. Prepare a separate Form 843 for each tax period From 01/01/2006 to 12/31/2006 | 2 Amount to be refunded or abated \$ 4,132,670.42 |
| 3 Type of tax. Indicate the type of tax to be refunded or abated or to which the interest, penalty, or addition to tax is related. <input checked="" type="checkbox"/> Employment <input type="checkbox"/> Estate <input type="checkbox"/> Gift <input type="checkbox"/> Excise (see instructions) <input type="checkbox"/> Income | |
| 4 Type of penalty. If the claim or request involves a penalty, enter the Internal Revenue Code section on which the penalty is based (see instructions). IRC section: _____ | |

5a Interest, penalties, and additions to tax. Check the box that indicates your reason for the request for refund or abatement. (If none apply, go to line 6.)

- ☐ Interest was assessed as a result of IRS errors or delays.
- ☐ A penalty or addition to tax was the result of erroneous written advice from the IRS.
- ☐ Reasonable cause or other reason allowed under the law (other than erroneous written advice) can be shown for not assessing a penalty or addition to tax.

b Dates of payment ► _____

6 Original return. Indicate the type of return filed to which the tax, interest, penalty, or addition to tax relates.

| | | | | | |
|---------------------------------|-------------------------------|-------------------------------|---|--|------------------------------|
| <input type="checkbox"/> 706 | <input type="checkbox"/> 709 | <input type="checkbox"/> 940 | <input checked="" type="checkbox"/> 941 | <input type="checkbox"/> 943 | <input type="checkbox"/> 945 |
| <input type="checkbox"/> 990-PF | <input type="checkbox"/> 1040 | <input type="checkbox"/> 1120 | <input type="checkbox"/> 4720 | <input type="checkbox"/> Other (specify) ► _____ | |

7 Explanation. Explain why you believe this claim or request should be allowed and show the computation of the amount shown on line 2. If you need more space, attach additional sheets.

*See attached.

In 2006 University Hospitals of Cleveland withheld and remitted FICA taxes from its medical residents. University Hospitals of Cleveland is now seeking a refund of these FICA Taxes.

This claim is designed as a protective claim. Perfection of the claim will be presented with appropriate supporting documents under separate cover.

Signature. If you are filing Form 843 to request a refund or abatement relating to a joint return, both you and your spouse must sign the claim. Claims filed by corporations must be signed by a corporate officer authorized to sign, and the officer's title must be shown.

Under penalties of perjury, I declare that I have examined this claim, including accompanying schedules and statements, and, to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature (Title, if applicable. Claims by corporations must be signed by an officer.) *Michael J. ...* Date 3-12-09

Signature (spouse, if joint return) _____ Date _____

| | | | | |
|---------------------------------|--|------|---|------------------------|
| Paid Preparer's Use Only | Preparer's signature | Date | Check if self-employed <input type="checkbox"/> | Preparer's SSN or PTIN |
| | Firm's name (or yours if self-employed), address, and ZIP code | EIN | Phone no | |

BJA For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Form 843 (Rev. 02-2008)

Form **2678**
(Rev. June 1997)**Employer Appointment of Agent**
Under Section 3504 of the Internal Revenue Code
(For use by employers or payers)OMB Number
1545-07481. To Internal Revenue Service Center
Ogden, UT 84201-0046Director
Ogden, UT _____ Service Center**Instructions**

Employer or Payer: Please complete this form and give it to the agent.

Agent: Please attach a letter requesting authority to do either all that is required of the employer for wages you pay on the employer's behalf or all that is required of the payer for requirements of backup withholding. (See applicable Revenue Procedures 70-6 or 84-33.) Forward both the letter of request and Form 2678 to the Director of the Internal Revenue Service Center where you file your returns. (See reverse side for addresses.)

Note: Rev. Proc. 70-6 is available in Publication 1271 and Rev. Proc. 84-33 is available in Publication 1272.

2. Employer's or Payer's name

University Hospitals of Cleveland 11100 Euclid Avenue
Cleveland, OH 44106

4. Employer identification number

7805

5. Agent's name

University Hospitals Health System, Inc. 11100 Euclid Avenue-ROBB 151
Cleveland, OH 44106

7. Agent's employer identification number

4775

8. Effective for (Check the box or boxes that apply)

- ☒
- Employment taxes (Rev. Proc. 70-6)
-
- ☐
- Backup withholding (Rev. Proc. 84-33)

3. Employer's or Payer's address (Number and street, city, town or post office, State and ZIP code)

6. Agent's address (Number and street, city, town or post office, State and ZIP code)

11100 Euclid Avenue-ROBB 151
Cleveland, OH 441069. If filing under Rev. Proc. 70-6, does this apply to all employees?
☒ Yes ☐ No

10. Effective date of appointment by employer or payer

April 1, 2003

Under section 3504 of the Internal Revenue Code, please authorize this agent to do all that is required under (Check the one(s) that apply)

- ☒
- Chapter 21 (FICA)
-
- ☐
- Chapter 22 (Railroad Retirement)
-
- ☒
- Chapter 24 —
-
- ☒
- Withholding and/or
-
- ☐
- Backup withholding
-
- ☒
- Chapter 25 (General Provisions) of Subtitle C

The agent named above has been appointed either to pay wages for employers and/or report and deposit backup withholding amounts for payers. This appointment is effective on the date shown in item 10.

It is understood that the agent and the employer or payer are subject to all provisions of law and regulations (including penalties) which apply to employers or payers.

Signature of employer or payer

Title of signing official (Indicate whether the person signing is an owner, partner, member of firm, fiduciary, or a corporate officer.)

Kevin Roberts, Sr. Vice President and CFO

Date

12/19/02

For Internal Revenue Service Use Only

Effective date granted by IRS

For the Paperwork Reduction Act Notice, please see the back of this form.

Form 843, Line 7 – Explanation of Adjustments**University Hospitals of Cleveland****EIN:** [REDACTED] **7805****Quarters Ended March 31, June 30, September 30, and December 31, 2006**

Compensation was paid by University Hospitals of Cleveland (the taxpayer) to various student employees for services performed by such students as medical residents during the year ended December 31, 2006. The taxpayer treated these amounts as wages subject to FICA tax and withheld and remitted the employees' and employer's share of FICA taxes to the IRS. FICA tax is generally imposed on wages under Section 3121. However, Section 3121(b)(10) provides that if a service is performed in the employ of a school, college, or university, or an organization described in Section 509(a)(3) supporting a school, college or university, by a student who is "enrolled and regularly attending classes" at such school, college or university, those services are exempt from FICA tax.

This claim is being filed to request a refund of the applicable Section 3101 employees' tax and Section 3111 employer's tax that was paid to the IRS with respect to such wages paid to medical residents. The claim is based upon the position that the taxpayer is the employer of the residents, qualifies as a school, college or university (or related organization described in section 509(a)(3)), and that the medical residents qualify as students employed by the taxpayer under interpretations of section 3121(b)(10) and Treas. Reg. section 31.3121(b)(10)-2(c) prior to amendment by T.D. 9167. *Center for Family Medicine v. United States*, 2008 U.S. Dist. LEXIS 59816 (No. Civ.05-4049-KES, D.S.D. August 6, 2008), *United States v. Mount Sinai Medical Center of Florida, Inc.*, 2008 U.S. Dist. LEXIS 57808 (No. 02-22715-CIV-GOLD, S.D. Fla. July 28, 2008), *Regents of the University of Minnesota v. United States*, 2008 U.S. Dist. LEXIS 26263 (No. 06-5084 (RHK/JSM), D. Minn. April 1, 2008), *Mayo Foundation for Medical Education and Research and Mayo Clinic v. United States*, 503 F. Supp. 2d 1164 (D. Minn. 2007), *University of Chicago Hospitals v. United States*, 2006 U.S. Dist. LEXIS 68695 (No. 05 C 5120, N.D. Ill. Sept. 8, 2006), *Minnesota v. Apfel*, 151 F.3d 742 (8th Cir. 1998), and *United States v. Mayo Foundation for Medical Education and Research, and Mayo Foundation*, 282 F. Supp. 2d 997 (D. Minn. 2003).

Pursuant to Treas. Reg. Section 31.6402(a)-2(a) and Rev. Rul. 81-310, 1981-2 C.B. 241, the taxpayer hereby files a claim for refund of the overpaid Section 3101 employee and Section 3111 employer tax, as shown herein, together with interest thereon.

The taxpayer believes the primary function test and student status determination prescribed by Treas. Reg. Section 31.3121(b)(10)-2 as amended by T.D. 9167 is contrary to the legislative intent of Section 3121(b)(10) and is also contrary to the aforementioned judicial determinations. Because the taxpayer's refund claim is inconsistent with published regulatory authority, the taxpayer is including this notice of inconsistent treatment with its refund claim.

Form **941**
 (Rev. January 1999)
 Department of the Treasury
 Internal Revenue Service

Employer's Quarterly Federal Tax Return

See separate instructions for information on completing this return

Please type or print

Enter state
 code for state
 in which
 deposits were
 made ONLY if
 different from
 state in
 address to
 the right (see
 page 2 of
 instructions)

CIA

Name (as distinguished from trade name)

UNIVERSITY HOSPITALS HEALTH

Date quarter ended

03/31/2006

Trade name, if any

Employer identification number

4775

Address (number and street)

11100 EUCLID AVENUE

City, state and ZIP code

CLEVELAND, OH 44106-1736

Co # **ST/MZ25**

OMB No. 1545-0029

T

FF

FD

FP

I

T

If address is
 different
 from prior
 return, check
 here ☐

IRS Use

| | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|
| 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 5 | 5 | 5 |
| 6 | 7 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 10 |

If you do not have to file returns in the future, check here ☐ and enter date final wages paid

If you are a seasonal employer, see Seasonal Employers on page 1 of the instructions and check here ☐

| | | | | |
|----|---|---------------------------------|----------------|------------------|
| 1 | Number of employees in the pay period that includes March 12th | | 1 | |
| 2 | Total wages and tips, plus other compensation | | 2 | 116,555,201.87 |
| 3 | Total income tax withheld from wages, tips and sick pay | | 3 | 16,862,691.07 |
| 4 | Adjustment of withheld income tax for preceding quarters of calendar year | | 4 | 0.00 |
| 5 | Adjusted total of income tax withheld (line 3 as adjusted by line 4-- see instructions) | | 5 | 16,862,691.07 |
| 6 | 6a | Taxable social security wages | 115,671,441.20 | x 12.4% (.124) = |
| | 6c | Taxable social security tips | 0.00 | x 12.4% (.124) = |
| 7 | 7a | Taxable Medicare wages and tips | 121,015,858.76 | x 2.9% (.029) = |
| 8 | Total social security and Medicare taxes (add lines 6b, 6d and 7b). Check here if wages are not subject to social security and/or Medicare tax <input type="checkbox"/> | | 8 | 17,852,718.60 |
| 9 | Adjustment of social security and Medicare taxes (see instructions for required explanation) Sick Pay \$ 0.00 Fractions of Cents \$ 0.00 Other \$ 0.00 | | 9 | 0.00 |
| 10 | Adjusted total of social security and Medicare taxes (line 8 as adjusted by line 9-- see instructions) | | 10 | 17,852,718.60 |
| 11 | Total taxes (add lines 5 and 10) | | 11 | 34,715,409.67 |
| 12 | Advance earned income credit (EIC) payments made to employees | | 12 | 867.03 |
| 13 | Net taxes (subtract line 12 from line 11). If \$1,000 or more, this must equal line 17, column (d) below (or line D of Schedule B (Form 941)) | | 13 | 34,714,542.64 |
| 14 | Total deposits for quarter, including overpayment applied from a prior quarter | | 14 | 34,714,542.62 |
| 15 | Balance due (subtract line 14 from line 13). See instructions | | 15 | 0.02 |
| 16 | Overpayment. If line 14 is more than line 13, enter excess here \$ <input type="checkbox"/> Applied to next return OR <input type="checkbox"/> Refunded | | | |
| | * All filers: If line 13 is less than \$1000, you need not complete line 17 or Schedule B (Form 941) | | | |
| | * Semiweekly schedule depositors: Complete Schedule B (Form 941) and check here <input checked="" type="checkbox"/> | | | |
| | * Monthly schedule depositors: Complete line 17, columns (a) through <input type="checkbox"/> | | | |

17. Monthly Summary of Federal Tax Liability. Do not complete if you were a semiweekly schedule depositor.

| (a) First month liability | (b) Second month liability | (c) Third month liability | (d) Total liability for quarter |
|---------------------------|----------------------------|---------------------------|---------------------------------|
| | | | |

Sign
 Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature

Janet B Michels

Print your
 Name and Title

JANET B MICHELS
ADP ATTY-IN-FACT

Date **4/30/2006**

For Privacy Act and Paperwork Reduction Act Notice, see back of form.

Cat. No. 17001Z

Form 941 (Rev. 1-99)

SCHEDULE B
(FORM 941)
(Rev. November 1998)
Department of the Treasury
Internal Revenue Service

Employer's Record of Federal Tax Liability

See Circular E for more information about employment tax returns.

OMB No. 1545-0029

5151

Attach to Form 941 or 941-SS

Employer identification number

Date quarter ended

Name as shown on Form 941 (or Form 941-SS)

UNIVERSITY HOSPITALS HEALTH SY

4775

03/31/2006

You must complete this schedule if you are required to deposit on a semiweekly schedule, or if your tax liability on any day is \$100,000 or more. Show tax liability here, not deposits. (The IRS gets deposit data from FTA coupons or EFTPS.)

A. Daily Tax Liability--First Month of Quarter

| | | | | | | | | | |
|--|--|----|--------------|----|--|----|--------------|----|-----------------|
| 1 | | 8 | | 15 | | 22 | | 29 | |
| 2 | | 9 | | 16 | | 23 | | 30 | |
| 3 | | 10 | | 17 | | 24 | | 31 | 1,853,352.61 |
| 4 | | 11 | | 18 | | 25 | | | |
| 5 | | 12 | 3,884,940.50 | 19 | | 26 | 4,231,873.79 | | |
| 6 | | 13 | 1,360,443.14 | 20 | | 27 | 211,226.48 | | |
| 7 | | 14 | | 21 | | 28 | | | |
| A Total tax liability for first month of quarter | | | | | | | | | A 11,541,836.52 |

B. Daily Tax Liability--Second Month of Quarter

| | | | | | | | | | |
|---|--|----|--------------|----|--------------|----|--------------|----|-----------------|
| 1 | | 8 | | 15 | 1,078,398.98 | 22 | | 29 | |
| 2 | | 9 | 4,008,950.10 | 16 | | 23 | 4,042,228.04 | 30 | |
| 3 | | 10 | 208,698.51 | 17 | | 24 | 212,407.66 | 31 | |
| 4 | | 11 | | 18 | | 25 | | | |
| 5 | | 12 | | 19 | | 26 | | | |
| 6 | | 13 | | 20 | | 27 | | | |
| 7 | | 14 | | 21 | | 28 | 1,173,861.19 | | |
| B Total tax liability for second month of quarter | | | | | | | | | B 10,724,544.48 |

C. Daily Tax Liability--Third Month of Quarter

| | | | | | | | | | |
|---|------------|----|--------------|----|--------------|----|--------------|----|-----------------|
| 1 | 108.38 | 8 | | 15 | 1,007,491.71 | 22 | | 29 | |
| 2 | | 9 | 4,044,602.74 | 16 | | 23 | 4,176,452.26 | 30 | |
| 3 | 301,778.68 | 10 | 213,829.14 | 17 | | 24 | 212,282.22 | 31 | 2,483,721.90 |
| 4 | | 11 | | 18 | | 25 | 196.35 | | |
| 5 | | 12 | | 19 | | 26 | | | |
| 6 | | 13 | | 20 | | 27 | | | |
| 7 | | 14 | | 21 | | 28 | 7,698.26 | | |
| C Total tax liability for third month of quarter | | | | | | | | | C 12,448,161.64 |
| D Total for quarter (add lines A, B and C). This should equal line 13 of Form 941 (or line 10 of Form 941SS). | | | | | | | | | D 34,714,542.64 |

For Paperwork Reduction Act Notice, see page 2

Cat. No. 11967Q

Schedule B (Form 941) (Rev. 11-98)

Co # ST/MZ25

2/2006 7/21/2006 12:00:00AM ST/LC40

9901

Form **941 for 2006:** **Employer's Quarterly Federal Tax Return**
 (Rev. January 2005) Department of the Treasury — Internal Revenue Service

OMB No. 1545-0029

Employer identification number **4775**

Name (not your trade name) **UNIVERSITY HOSPITALS HEALTH SYSTEM**

Trade name (if any) _____

Address **11100 EUCLID AVENUE**

Number **CLEVELAND** Street **OH** Suite or room number **44106**

City State ZIP code

Report for this Quarter...
(Check one.)

☐ 1: January, February, March

☒ 2: April, May, June

☐ 3: July, August, September

☐ 4: October, November, December

Read the separate instructions before you fill out this form. Please type or print within th

Part 1: Answer these questions for this quarter.

- 1 Number of employees who received wages, tips, or other compensations for the pay period including: Mar. 12 (Quarter 1), June 12 (Quarter 2), Sept. 12 (Quarter 3), Dec. 12 (Quarter 4) **12,587**
- 2 Wages, tips, and other compensation **134,918,789.82**
- 3 Total income tax withheld from wages, tips, and other compensation **19,204,605.79**
- 4 If no wages, tips, and other compensation are subject to social security or Medicare tax ☐ Check and go to line 6.
- 5 Taxable social security and Medicare wages and tips:

| | Column 1 | | Column 2 |
|---|----------------|--------|---------------|
| 5a Taxable social security wages | 128,194,414.77 | X .124 | 15,896,107.42 |
| 5b Taxable social security tips | . | X .124 | . |
| 5c Taxable Medicare wages & tips | 140,486,083.41 | X .029 | 4,074,096.44 |
| 5d Total social security and Medicare taxes (Columns 2, lines 5a + 5b + 5c = line 5d) | | | 19,970,203.86 |
| 6 Total taxes before adjustments (lines 3 + 5d = line 6) | | | 39,174,809.65 |

7 Tax adjustments (If your answer is a negative number, write in brackets.):

- 7a Current quarter's fractions of cents
- 7b Current quarter's sick pay
- 7c Current quarter's adjustments for tips and group-term life insurance
- 7d Current year's income tax withholding (Attach Form 941c)
- 7e Prior quarter's social security and Medicare taxes (Attach Form 941c)
- 7f Special additions to federal income tax (reserved use)
- 7g Special additions to social security and Medicare (reserved use)
- 7h Total adjustments (Combine all amounts: lines 7a through 7g.)

- 8 Total taxes after adjustments (Combine lines 6 and 7h.) **39,174,809.65**
- 9 Advance earned income credit (EIC) payments made to employees **774.02**
- 10 Total taxes after adjustment for advance EIC (lines 8 - 9 = 10) **39,174,035.63**
- 11 Total deposits for this quarter, including overpayment applied from a prior quarter **39,174,035.63**
- 12 Balance due (lines 10 - 11 = line 12) Make checks payable to the United States Treasury **0.00**
- 13 Overpayment (If line 11 is more than line 10, write the difference here.) ☐ Check one ☐ Apply to next return. ☐ Send a refund. **Next**

For Privacy Act and Paperwork Reduction Act Notice, see the back of the Payment Voucher.

Cat. No. 17001Z

Form 941 (Rev. 1-2005)

2/2006 7/21/2006 12:00:00AM ST/LC40

9903

Schedule B (Form 941):**Report of Tax Liability for Semiweekly Schedule Depositors**
(Rev. January 2005) Department of the Treasury — Internal Revenue Service

OMB No. 1545-0029

Employer identification number

[Redacted] 4 7 7 5

Name (not your trade name)

[Redacted]

Report for this Quarter...
(Check one.)

- ☐ 1: January, February, March
- ☒ 2: April, May, June
- ☐ 3: July, August, September
- ☐ 4: October, November, December

Use this schedule to show your tax liability for the quarter; DO NOT use it to show your deposits. You must fill out this form and attach it to Form 941 (or Form 941-SS) if you are a semiweekly schedule depositor or became one because your accumulated tax liability on any day was \$100,000 or more. Write your daily tax liability on the numbered space that corresponds to the date wages were paid. See Section 11 in Pub. 15 (Circular E), *Employer's Tax Guide*, for details.

Month 1

| | | | | | | | | |
|---|--------------|----|--------------|----|--------------|----|--------------|--|
| 1 | | 9 | | 17 | | 25 | | Tax liability for Month 1 12,674,379.25 |
| 2 | | 10 | | 18 | | 26 | | |
| 3 | | 11 | | 19 | | 27 | | |
| 4 | | 12 | | 20 | 4,535,495.80 | 28 | 1,402,717.55 | |
| 5 | | 13 | | 21 | 251,051.19 | 29 | | |
| 6 | 4,778,296.37 | 14 | 1,447,045.17 | 22 | | 30 | | |
| 7 | 259,773.17 | 15 | | 23 | | 31 | | |
| 8 | | 16 | | 24 | | | | |

Month 2

| | | | | | | | | |
|---|--------------|----|--------------|----|--------------|----|------------|--|
| 1 | | 9 | | 17 | | 25 | | Tax liability for Month 2 10,947,880.77 |
| 2 | | 10 | | 18 | 4,244,356.32 | 26 | | |
| 3 | | 11 | | 19 | 234,516.29 | 27 | | |
| 4 | 4,236,574.93 | 12 | | 20 | | 28 | | |
| 5 | 225,625.61 | 13 | | 21 | | 29 | | |
| 6 | | 14 | | 22 | | 30 | | |
| 7 | | 15 | 1,024,874.28 | 23 | | 31 | 981,933.34 | |
| 8 | | 16 | | 24 | | | | |

Month 3

| | | | | | | | | |
|---|--------------|----|--------------|----|--|----|--------------|--|
| 1 | | 9 | | 17 | | 25 | | Tax liability for Month 3 15,551,775.61 |
| 2 | 4,451,083.93 | 10 | | 18 | | 26 | | |
| 3 | | 11 | | 19 | | 27 | | |
| 4 | | 12 | | 20 | | 28 | | |
| 5 | | 13 | | 21 | | 29 | 4,306,265.51 | |
| 6 | | 14 | | 22 | | 30 | 1,412,575.33 | |
| 7 | | 15 | 5,145,517.36 | 23 | | 31 | | |
| 8 | | 16 | 236,333.48 | 24 | | | | |

Fill in your total liability for the quarter (Month 1 + Month 2 + Month 3) = Total tax liability for the quarter
Total must equal line 10 on Form 941 (or line 8 on Form 941-SS).

Tax liability for the quarter

39,174,035.63

2/2006 7/21/2006 12:00:00AM ST/LC40

9902

| | |
|---|---|
| Name (not your trade name) UNIVERSITY HOSPITALS HEALTH SYSTEM | Employer identification number 4775 |
|---|---|

Part 2: Tell us about your deposit schedule for this quarter.

If you are unsure about whether you are a monthly schedule depositor or a semiweekly schedule depositor, see Pub. 15 (Circular E), section 11.

14 ☐ C ☐ A Write the state abbreviation for the state where you made your deposits OR write "MU" if you made your deposits in multiple states.

15 Check one: ☐ Line 10 is less than \$2,500. Go to Part 3.
☐ You were a monthly schedule depositor for the entire quarter. Fill out your tax liability for each month. Then go to Part 3.

| | | |
|----------------|---------|--|
| Tax liability: | Month 1 | |
| | Month 2 | |
| | Month 3 | |
| | Total | |

Total must equal line 10.

☒ You were a semiweekly schedule depositor for any part of this quarter. Fill out Schedule b (Form 941): Report of Tax Liability for Semiweekly Schedule Depositors, and attach it to this form.

Part 3: Tell us about your business. If a question does NOT apply to your business, leave it blank.

16 If your business has closed and you do not have to file returns in the future ☐ Check here, and enter the final date you paid wages / /

17 If you are a seasonal employer and you do not have to file a return for every quarter of the year ☐ Check here.

Part 4: May we contact your third-party designee?

Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details.

☐ Yes. Designee's name

Phone () -

Personal Identification Number (PIN)

☐ No.

Part 5: Sign here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Sign your name here

Print name and title

Date / /

Phone () -

part 6: For paid preparers only (optional)

Preparer's signature

J B MICHELS

Firm's name

ADP ATTY-IN-FACT

Address

400 W COVINA BLVD

SAN DIMAS, CA

EIN

ZIP code

91773

Date

7/31/2006

Phone

(877) 706-0510

SSN/PTIN

☐ Check if you are self-employed.

copy

9702

Form 941 (Rev. 1-2005) Page 2

Name (not your trade name)

UNIVERSITY HOSPITALS HEALTH SYSTEM

Employer identification number

4775

Part 2: Tell us about your deposit schedule for this quarter.

If you are unsure about whether you are a monthly schedule depositor or a semiweekly schedule depositor, see Pub. 15 (Circular E), section 11.

14 ☐ CA Enter the state abbreviation for the state where you made your deposits OR enter "MU" if you made your deposits in multiple states.15 Check one: ☐ Line 10 is less than \$2,500. Go to Part 3.☐ You were a monthly schedule depositor for the entire quarter. Fill out your tax liability for each month. Then go to Part 3.

Tax liability:

Month 1

Month 2

Month 3

Total

Total must equal line 10.

☒ You were a semiweekly schedule depositor for any part of this quarter. Fill out Schedule B (Form 941): Report of Tax Liability for Semiweekly Schedule Depositors, and attach it to this form.**Part 3: Tell us about your business. If a question does NOT apply to your business, leave it blank.**16 If your business has closed and you do not have to file returns in the future ☐ Check here, and

enter the final date you paid wages

17 If you are a seasonal employer and you do not have to file a return for every quarter of the year ☐ Check here.**Part 4: May we contact your third-party designee?**

Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See instructions for details.

☐ Yes. Designee's name

Phone

Personal Identification Number (PIN)

☐ No.**Part 5: Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Sign your name here

Print name and title

Date

Part 6: For paid preparers only (optional)

Preparer's signature

Firm's name

Address

EIN

ZIP code

Date

Phone

SSN/PTIN

☐ Check if you are self-employed

COPY

Schedule B (Form 941): Report of Tax Liability for Semiweekly Schedule Depositors
(Rev. January 2005)

Department of the Treasury -- Internal Revenue Service

OMB No. 1545-0029
Report for this Quarter

9703

Employer identification number **4775**Name (not your trade name) **UNIVERSITY HOSPITALS HEALTH SYSTEM**

Use this schedule to show your tax liability for the quarter; DO NOT use it to show your deposits. You must fill out this form and attach it to Form 941 (or Form 941-SS) if you are a semiweekly schedule depositor or became one because your accumulated tax liability on any day was \$100,000 or more. Enter your daily tax liability on the numbered space that corresponds to the date wages were paid.

- ☐ 1: January, February, March
☒ 2: April, May, June
☐ 3: July, August, September
☐ 4: October, November, December

Month 1

| | | | | | | | |
|---|------------|----|------------|----|------------|----|------------|
| 1 | | 9 | | 17 | | 25 | |
| 2 | | 10 | | 18 | | 26 | |
| 3 | | 11 | | 19 | | 27 | |
| 4 | | 12 | | 20 | 4535495.80 | 28 | 1402717.55 |
| 5 | | 13 | | 21 | 251051.19 | 29 | |
| 6 | 4778296.37 | 14 | 1447045.17 | 22 | | 30 | |
| 7 | 259773.17 | 15 | | 23 | | 31 | |
| 8 | | 16 | | 24 | | | |

Tax liability for Month 1

12674379.25

Month 2

| | | | | | | | |
|---|------------|----|------------|----|------------|----|-----------|
| 1 | | 9 | | 17 | | 25 | |
| 2 | | 10 | | 18 | 4244356.32 | 26 | |
| 3 | | 11 | | 19 | 234516.29 | 27 | |
| 4 | 4236574.93 | 12 | | 20 | | 28 | |
| 5 | 225625.61 | 13 | | 21 | | 29 | |
| 6 | | 14 | | 22 | | 30 | |
| 7 | | 15 | 1024874.28 | 23 | | 31 | 981933.34 |
| 8 | | 16 | | 24 | | | |

Tax liability for Month 2

10947880.77

Month 3

| | | | | | | | |
|---|------------|----|------------|----|--|----|------------|
| 1 | | 9 | | 17 | | 25 | |
| 2 | 4451083.93 | 10 | | 18 | | 26 | |
| 3 | | 11 | | 19 | | 27 | |
| 4 | | 12 | | 20 | | 28 | |
| 5 | | 13 | | 21 | | 29 | 4306265.51 |
| 6 | | 14 | | 22 | | 30 | 1412575.33 |
| 7 | | 15 | 5145517.36 | 23 | | 31 | |
| 8 | | 16 | 236333.48 | 24 | | | |

Tax liability for Month 3

15551775.61

Fill in your total liability for the quarter (Month 1 + Month 2 + Month 3) = Total tax liability for the quarter

Total must equal line 10 on Form 941 (or line 8 on Form 941-SS).

Total liability for the quarter

39174035.63

For Paper Reduction Act Notice, see separate instructions.

BIA

Schedule B (Form 941) Rev. 1-2005

COPY

3 06 ST MZ25

9701

Form **941 for 2006: Employer's Quarterly Federal Tax Return**
(Rev. January 2005) Department of the Treasury -- Internal Revenue Service

Employer identification number **4775**
Name (not your trade name) **UNIVERSITY HOSPITALS HEALTH SYSTEM**
Trade name (if any) _____
Address **11100 EUCLID AVENUE**
CLEVELAND, OH 44106

OMB No. 1545-0029

Report for this Quarter ... (Check one.)

- ☐ 1: January, February, March
☐ 2: April, May, June
☐ 3: July, August, September
☒ 4: October, November, December

Part 1: Answer these questions for this quarter.

1 Number of employees who received wages, tips, or other compensation for the pay period including: Mar. 12 (Quarter 1), June 12 (Quarter 2), Sept. 12 (Quarter 3), Dec. 12 (Quarter 4) ...

1 **12711**

2 Wages, tips, and other compensation

2 **142204704.78**

3 Total income tax withheld from wages, tips, and other compensation

3 **20734560.80**

4 If no wages, tips, and other compensation are subject to social security or Medicare tax

☐ Check and go to line 6.

5 Taxable social security and Medicare wages and tips:

Column 1

Column 2

5a Taxable social security wages **122714959.83** x .124 = **15216655.02**

5b Taxable social security tips _____ x .124 = _____

5c Taxable Medicare wages & tips **148034540.86** x .029 = **4293001.72**5d Total social security and Medicare taxes (Column 2, lines 5a + 5b + 5c = line 5d) 5d **19509656.74**

6 Total taxes before adjustments (lines 3 + 5d = line 6)

6 **40244217.54**

7 Tax adjustments (If your answer is a negative number, enter it in brackets.):

7a Current quarter's fractions of cents

7b Current quarter's sick pay

7c Current quarter's adjustments for tips and group-term life insurance

7d Current year's income tax withholding (Attach Form 941c)

7e Prior quarters' social security and Medicare taxes (Attach Form 941c)

7f Special additions to federal income tax (reserved use)

7g Special additions to social security and Medicare (reserved use) ..

7h Total adjustments (Combine all amounts: lines 7a through 7g.)

7h _____

8 Total taxes after adjustments (Combine lines 6 and 7h.)

8 **40244217.54**

9 Advance earned income credit (EIC) payments made to employees

9 **1673.66**

10 Total taxes after adjustment for advance EIC (lines 8 - 9 = line 10)

10 **40242543.88**

11 Total deposits for this quarter, including overpayment applied from a prior quarter

11 **40242543.88**

12 Balance due (lines 10 - 11 = line 12) Make checks payable to the United States Treasury

12 _____

13 Overpayment (If line 11 is more than line 10, enter the difference here)

Check one ☐

Apply to next return.

For Privacy Act and Paperwork Reduction Act Notice, see the Payment Voucher.

BIA Form 941 (Rev. 1-2005)

☐ Send a refund.

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9702

Form 941 (Rev. 1-2005) Page 2

Name (not your trade name)

UNIVERSITY HOSPITALS HEALTH SYSTEM

Employer identification number

4775

Part 2: Tell us about your deposit schedule for this quarter.

If you are unsure about whether you are a monthly schedule depositor or a semiweekly schedule depositor, see Pub. 15 (Circular E), section 11.

14 ☒ CA Enter the state abbreviation for the state where you made your deposits OR enter "MU" if you made your deposits in multiple states.15 Check one: ☐ Line 10 is less than \$2,500. Go to Part 3.☐ You were a monthly schedule depositor for the entire quarter. Fill out your tax liability for each month. Then go to Part 3.

Tax liability: Month 1

Month 2

Month 3

Total

Total must equal line 10.

☒ You were a semiweekly schedule depositor for any part of this quarter. Fill out Schedule B (Form 941): Report of Tax Liability for Semiweekly Schedule Depositors, and attach it to this form.**Part 3: Tell us about your business. If a question does NOT apply to your business, leave it blank.**16 If your business has closed and you do not have to file returns in the future ☐ Check here, and

enter the final date you paid wages

17 If you are a seasonal employer and you do not have to file a return for every quarter of the year ☐ Check here.**Part 4: May we contact your third-party designee?**

Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See instructions for details.

☐ Yes. Designee's name

Phone

Personal Identification Number (PIN)

☐ No.**Part 5: Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Sign your name here

Print name and title

Date

Phone

Part 6: For paid preparers only (optional)

Preparer's signature

Firm's name

Address

EIN

ZIP code

Date

Phone

SSN/PTIN

☐ Check if you are self-employed.

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Schedule B (Form 941): Report of Tax Liability for Semiweekly Schedule Depositors
(Rev. January 2005)

Department of the Treasury -- Internal Revenue Service

OMB No. 1545-0029
Report for this Quarter

9703

Employer identification number 4775Name (not your trade name) UNIVERSITY HOSPITALS HEALTH SYSTEM

Use this schedule to show your tax liability for the quarter; DO NOT use it to show your deposits. You must fill out this form and attach it to Form 941 (or Form 941-SS) if you are a semiweekly schedule depositor or became one because your accumulated tax liability on any day was \$100,000 or more. Enter your daily tax liability on the numbered space that corresponds to the date wages were paid.

Month 1

| | | | | | | | |
|---|--|----|------------|----|--|----|------------|
| 1 | | 9 | | 17 | | 25 | |
| 2 | | 10 | | 18 | | 26 | |
| 3 | | 11 | | 19 | | 27 | 4309379.17 |
| 4 | | 12 | | 20 | | 28 | 240996.23 |
| 5 | | 13 | 4377487.25 | 21 | | 29 | |
| 6 | | 14 | 1153954.84 | 22 | | 30 | |
| 7 | | 15 | | 23 | | 31 | 1346643.93 |
| 8 | | 16 | | 24 | | | |

Tax liability for Month 1

11428461.42

Month 2

| | | | | | | | |
|---|--|----|------------|----|------------|----|------------|
| 1 | | 9 | | 17 | | 25 | 241410.20 |
| 2 | | 10 | 4354676.99 | 18 | | 26 | |
| 3 | | 11 | 236397.87 | 19 | | 27 | |
| 4 | | 12 | | 20 | | 28 | |
| 5 | | 13 | | 21 | | 29 | |
| 6 | | 14 | | 22 | | 30 | |
| 7 | | 15 | 906080.21 | 23 | | 31 | 1009618.46 |
| 8 | | 16 | | 24 | 4275086.28 | | |

Tax liability for Month 2

11023270.01

Month 3

| | | | | | | | |
|---|------------|----|------------|----|------------|----|------------|
| 1 | | 9 | | 17 | | 25 | 25445.79 |
| 2 | | 10 | | 18 | | 26 | |
| 3 | | 11 | | 19 | | 27 | |
| 4 | | 12 | | 20 | | 28 | |
| 5 | | 13 | | 21 | 4559981.68 | 29 | 1081842.87 |
| 6 | | 14 | | 22 | 245916.40 | 30 | 4532.54 |
| 7 | | 15 | 1071949.78 | 23 | | 31 | |
| 8 | 4506854.73 | 16 | | 24 | | | |

Tax liability for Month 3

11496523.79

Fill in your total liability for the quarter (Month 1 + Month 2 + Month 3) = Total tax liability for the quarter
Total must equal line 10 on Form 941 (or line 8 on Form 941-SS).

Total liability for the quarter

33948255.22

For Paper Reduction Act Notice, see separate instructions.

BIA

Schedule B (Form 941) Rev. 1-2005

COPY

University Hospitals of Cleveland
Resident Listing
12/31/06

| BOX 3 SOCIAL SECURITY WAGES | BOX 4 SOCIAL SECURITY TAX WITHHELD | BOX 5 MEDICARE WAGES & TIPS | BOX 6 MEDICARE TAX WITHHELD | Box 3 - Box 5 |
|-----------------------------------|--|-----------------------------------|-----------------------------------|---------------|
| 86,360.29 | 5,354.34 | 187,519.80 | 2,719.03 | (101,159.51) |
| 47,526.11 | 2,946.62 | 47,526.11 | 689.13 | - |
| 44,178.54 | 2,739.07 | 44,178.54 | 640.59 | - |
| - | - | - | - | - |
| 46,577.88 | 2,887.83 | 46,577.88 | 675.38 | - |
| 22,866.70 | 1,417.74 | 22,866.70 | 331.57 | - |
| 43,880.11 | 2,720.57 | 43,880.11 | 636.26 | - |
| 43,770.11 | 2,713.75 | 43,770.11 | 634.67 | - |
| 842.20 | 52.22 | 842.20 | 12.21 | - |
| 23,404.26 | 1,451.06 | 23,404.26 | 339.36 | - |
| 55,388.22 | 3,434.07 | 55,388.22 | 803.13 | - |
| 43,993.29 | 2,727.58 | 43,993.29 | 637.90 | - |
| 41,135.69 | 2,550.41 | 41,135.69 | 596.47 | - |
| 23,790.70 | 1,475.02 | 23,790.70 | 344.97 | - |
| 23,826.70 | 1,477.26 | 23,826.70 | 345.49 | - |
| 48,951.72 | 3,035.01 | 48,951.72 | 709.80 | - |
| 55,076.49 | 3,414.74 | 55,076.49 | 798.61 | - |
| 60,714.33 | 3,764.29 | 60,714.33 | 880.35 | - |
| 23,300.79 | 1,444.65 | 23,300.79 | 337.86 | - |
| 44,920.22 | 2,785.05 | 44,920.22 | 651.34 | - |
| 34,665.79 | 2,149.28 | 34,665.79 | 502.65 | - |
| 39,557.82 | 2,452.58 | 39,557.82 | 573.59 | - |
| 22,494.70 | 1,394.67 | 22,494.70 | 326.17 | - |
| 23,427.87 | 1,452.53 | 23,427.87 | 339.70 | - |
| 21,988.70 | 1,363.30 | 21,988.70 | 318.84 | - |
| 34,785.17 | 2,156.68 | 34,785.17 | 504.38 | - |
| 47,614.49 | 2,952.10 | 47,614.49 | 690.41 | - |
| 44,768.22 | 2,775.63 | 44,768.22 | 649.14 | - |
| 44,677.56 | 2,770.01 | 44,677.56 | 647.82 | - |
| 3,468.66 | 215.06 | 3,468.66 | 50.30 | - |
| 19,762.84 | 1,225.30 | 19,762.84 | 286.56 | - |
| - | - | - | - | - |
| 42,099.65 | 2,610.21 | 42,099.65 | 610.45 | - |
| 19,844.73 | 1,230.37 | 19,844.73 | 287.75 | - |
| 94,150.66 | 5,837.34 | 94,150.66 | 1,365.18 | - |
| 49,432.49 | 3,064.81 | 49,432.49 | 716.77 | - |
| 44,730.11 | 2,773.27 | 44,730.11 | 648.59 | - |
| 39,559.94 | 2,452.72 | 39,559.94 | 573.62 | - |
| 45,932.04 | 2,847.79 | 45,932.04 | 666.01 | - |
| 25,155.62 | 1,559.65 | 25,155.62 | 364.76 | - |
| - | - | - | - | - |
| 23,090.38 | 1,431.60 | 23,090.38 | 334.81 | - |
| 23,672.79 | 1,467.71 | 23,672.79 | 343.26 | - |
| 60,396.00 | 3,744.56 | 60,396.00 | 875.75 | - |
| 22,288.26 | 1,381.87 | 22,288.26 | 323.18 | - |
| 46,143.22 | 2,860.88 | 46,143.22 | 669.08 | - |
| - | - | - | - | - |
| 22,932.70 | 1,421.83 | 22,932.70 | 332.52 | - |
| 49,808.22 | 3,088.11 | 49,808.22 | 722.22 | - |
| 38,849.64 | 2,408.68 | 38,849.64 | 563.32 | - |
| 24,777.03 | 1,536.18 | 24,777.03 | 359.27 | - |
| 46,603.04 | 2,839.39 | 46,603.04 | 675.74 | - |
| 23,324.62 | 1,446.13 | 23,324.62 | 338.21 | - |
| 23,382.70 | 1,449.73 | 23,382.70 | 339.05 | - |
| 46,281.74 | 2,869.47 | 46,281.74 | 671.09 | - |
| 23,281.26 | 1,443.44 | 23,281.26 | 337.58 | - |
| 24,155.45 | 1,497.64 | 24,155.45 | 350.25 | - |
| 25,147.60 | 1,559.15 | 25,147.60 | 364.64 | - |
| 30,701.37 | 1,903.48 | 30,701.37 | 445.17 | - |

University Hospitals of Cleveland
Resident Listing
12/31/06

| BOX 3 SOCIAL SECURITY WAGES | BOX 4 SOCIAL SECURITY TAX WITHHELD | BOX 5 MEDICARE WAGES & TIPS | BOX 6 MEDICARE TAX WITHHELD | Box 3 - Box 5 |
|-----------------------------------|--|-----------------------------------|-----------------------------------|---------------|
| 45,260.49 | 2,806.15 | 45,260.49 | 656.28 | - |
| 23,217.70 | 1,439.50 | 23,217.70 | 336.66 | - |
| 45,011.22 | 2,790.70 | 45,011.22 | 652.66 | - |
| 24,417.62 | 1,513.89 | 24,417.62 | 354.06 | - |
| 24,338.79 | 1,509.00 | 24,338.79 | 352.91 | - |
| 22,367.22 | 1,386.77 | 22,367.22 | 324.32 | - |
| 23,382.70 | 1,449.73 | 23,382.70 | 339.05 | - |
| 37,631.41 | 2,333.15 | 37,631.41 | 545.66 | - |
| 27,078.45 | 1,678.86 | 27,078.45 | 392.64 | - |
| 48,825.51 | 3,027.18 | 48,825.51 | 707.97 | - |
| 23,610.70 | 1,463.88 | 23,610.70 | 342.36 | - |
| 45,571.04 | 2,825.40 | 45,571.04 | 660.78 | - |
| 16,048.00 | 994.98 | 16,048.00 | 232.70 | - |
| 24,321.51 | 1,507.93 | 24,321.51 | 352.66 | - |
| 15,633.60 | - | 15,633.60 | - | - |
| 16,347.20 | - | 16,347.20 | - | - |
| 21,527.86 | 1,334.73 | 21,527.86 | 312.15 | - |
| 56,106.11 | 3,478.58 | 56,106.11 | 813.54 | - |
| 41,655.63 | 2,582.65 | 41,655.63 | 604.01 | - |
| 44,286.11 | 2,745.74 | 44,286.11 | 642.15 | - |
| 52,332.11 | 3,244.59 | 52,332.11 | 758.82 | - |
| 22,494.70 | 1,394.67 | 22,494.70 | 326.17 | - |
| 25,126.74 | 1,557.86 | 25,126.74 | 364.34 | - |
| 43,944.97 | 2,724.59 | 43,944.97 | 637.20 | - |
| 24,560.62 | 1,522.76 | 24,560.62 | 356.13 | - |
| 44,448.11 | 2,755.78 | 44,448.11 | 644.50 | - |
| 21,506.74 | 1,333.42 | 21,506.74 | 311.85 | - |
| 26,235.86 | 1,626.62 | 26,235.86 | 380.42 | - |
| 44,402.11 | 2,752.93 | 44,402.11 | 643.83 | - |
| 23,650.71 | 1,466.34 | 23,650.71 | 342.94 | - |
| 22,866.70 | 1,417.74 | 22,866.70 | 331.57 | - |
| 48,254.45 | 2,991.78 | 48,254.45 | 699.69 | - |
| 51,925.97 | 3,219.41 | 51,925.97 | 752.93 | - |
| 29,935.86 | 1,856.02 | 29,935.86 | 434.07 | - |
| 47,632.11 | 2,953.19 | 47,632.11 | 690.67 | - |
| 43,620.11 | 2,704.45 | 43,620.11 | 632.49 | - |
| 35,057.86 | 2,173.59 | 35,057.86 | 508.34 | - |
| 33,355.43 | 2,068.04 | 33,355.43 | 483.65 | - |
| 22,829.86 | 1,415.45 | 22,829.86 | 331.03 | - |
| 7,182.55 | 445.32 | 7,182.55 | 104.15 | - |
| 28,524.86 | 1,768.54 | 28,524.86 | 413.61 | - |
| 39,621.45 | 2,456.53 | 39,621.45 | 574.51 | - |
| 65,554.11 | 4,064.35 | 65,554.11 | 950.53 | - |
| 21,331.81 | 1,322.57 | 21,331.81 | 309.31 | - |
| 25,713.62 | 1,594.24 | 25,713.62 | 372.85 | - |
| 21,416.78 | 1,327.84 | 21,416.78 | 310.54 | - |
| 26,939.86 | 1,670.27 | 26,939.86 | 390.63 | - |
| 41,669.25 | 2,583.49 | 41,669.25 | 604.20 | - |
| 43,026.11 | 2,667.62 | 43,026.11 | 623.83 | - |
| 24,513.75 | 1,519.85 | 24,513.75 | 355.45 | - |
| 42,827.52 | 2,655.31 | 42,827.52 | 621.00 | - |
| 62,207.86 | 3,856.89 | 62,207.86 | 902.01 | - |
| 23,624.26 | 1,464.70 | 23,624.26 | 342.55 | - |
| 42,436.98 | 2,631.09 | 42,436.98 | 615.34 | - |
| 45,258.11 | 2,806.00 | 45,258.11 | 656.24 | - |
| 45,263.37 | 2,806.33 | 45,263.37 | 656.32 | - |
| 46,853.65 | 2,904.93 | 46,853.65 | 679.38 | - |
| 150.00 | 9.30 | 150.00 | 2.18 | - |

University Hospitals of Cleveland
Resident Listing
12/31/06

| BOX 3 SOCIAL SECURITY WAGES | BOX 4 SOCIAL SECURITY TAX WITHHELD | BOX 5 MEDICARE WAGES & TIPS | BOX 6 MEDICARE TAX WITHHELD | Box 3 - Box 5 |
|-----------------------------------|--|-----------------------------------|-----------------------------------|---------------|
| 39,072.77 | 2,422.51 | 39,072.77 | 566.56 | - |
| 40,518.43 | 2,512.14 | 40,518.43 | 587.52 | - |
| 22,331.86 | 1,384.58 | 22,331.86 | 323.81 | - |
| - | - | - | - | - |
| 22,451.86 | 1,392.02 | 22,451.86 | 325.55 | - |
| 44,621.74 | 2,766.55 | 44,621.74 | 647.02 | - |
| 21,599.75 | 1,339.18 | 21,599.75 | 313.20 | - |
| 23,236.44 | 1,440.66 | 23,236.44 | 336.93 | - |
| 45,258.11 | 2,806.00 | 45,258.11 | 656.24 | - |
| 43,026.11 | 2,667.62 | 43,026.11 | 623.88 | - |
| 44,664.11 | 2,769.17 | 44,664.11 | 647.63 | - |
| 23,574.70 | 1,461.63 | 23,574.70 | 341.83 | - |
| 21,790.55 | 1,351.01 | 21,790.55 | 315.96 | - |
| 44,430.11 | 2,754.67 | 44,430.11 | 644.24 | - |
| 45,668.11 | 2,831.42 | 45,668.11 | 662.19 | - |
| 44,938.31 | 2,786.18 | 44,938.31 | 651.61 | - |
| 45,394.31 | 2,814.45 | 45,394.31 | 658.22 | - |
| 45,342.67 | 2,811.25 | 45,342.67 | 657.47 | - |
| 19,951.51 | 1,236.99 | 19,951.51 | 289.30 | - |
| 26,034.70 | 1,614.15 | 26,034.70 | 377.50 | - |
| 40,633.29 | 2,519.26 | 40,633.29 | 589.18 | - |
| 119,331.74 | 7,398.57 | 131,689.46 | 1,909.50 | (12,357.72) |
| 44,802.11 | 2,777.73 | 44,802.11 | 649.63 | - |
| 23,400.70 | 1,450.84 | 23,400.70 | 339.31 | - |
| 45,571.04 | 2,825.40 | 45,571.04 | 660.78 | - |
| 44,892.91 | 2,783.36 | 44,892.91 | 650.95 | - |
| 50,175.18 | 3,110.86 | 50,175.18 | 727.54 | - |
| 22,493.86 | 1,394.62 | 22,493.86 | 326.16 | - |
| 22,523.29 | 1,396.44 | 22,523.29 | 326.59 | - |
| 45,765.87 | 2,837.48 | 45,765.87 | 663.61 | - |
| - | - | - | - | - |
| 23,450.79 | 1,453.95 | 23,450.79 | 340.04 | - |
| 44,802.11 | 2,777.73 | 44,802.11 | 649.63 | - |
| 34,651.89 | 2,148.42 | 34,651.89 | 502.45 | - |
| 43,638.11 | 2,705.56 | 43,638.11 | 632.75 | - |
| 44,802.11 | 2,777.73 | 44,802.11 | 649.63 | - |
| - | - | - | - | - |
| 47,039.14 | 2,916.43 | 47,039.14 | 682.07 | - |
| 48,112.69 | 2,982.99 | 48,112.69 | 697.63 | - |
| 42,419.99 | 2,630.04 | 42,419.99 | 615.09 | - |
| 25,049.03 | 1,553.04 | 25,049.03 | 363.21 | - |
| 25,818.19 | 1,600.73 | 25,818.19 | 374.36 | - |
| 21,677.03 | 1,343.98 | 21,677.03 | 314.32 | - |
| 44,752.76 | 2,774.67 | 44,752.76 | 648.92 | - |
| 46,393.99 | 2,876.43 | 46,393.99 | 672.71 | - |
| 24,246.70 | 1,503.30 | 24,246.70 | 351.58 | - |
| 24,211.03 | 1,501.08 | 24,211.03 | 351.06 | - |
| 21,449.03 | 1,329.84 | 21,449.03 | 311.01 | - |
| 26,132.83 | 1,620.24 | 26,132.83 | 378.93 | - |
| 42,925.11 | 2,651.35 | 42,925.11 | 622.41 | - |
| 24,451.87 | 1,516.02 | 24,451.87 | 354.55 | - |
| 42,709.62 | 2,648.00 | 42,709.62 | 619.29 | - |
| 25,190.83 | 1,561.83 | 25,190.83 | 365.27 | - |
| 40,130.21 | 2,488.07 | 40,130.21 | 581.89 | - |
| 41,405.66 | 2,567.15 | 41,405.66 | 600.38 | - |
| 24,958.75 | 1,547.44 | 24,958.75 | 361.90 | - |
| 42,909.99 | 2,660.42 | 42,909.99 | 622.19 | - |
| 21,677.03 | 1,343.98 | 21,677.03 | 314.32 | - |
| 24,629.03 | 1,527.00 | 24,629.03 | 357.12 | - |

University Hospitals of Cleveland
Resident Listing
12/31/06

| BOX 3 SOCIAL SECURITY WAGES | BOX 4 SOCIAL SECURITY TAX WITHHELD | BOX 5 MEDICARE WAGES & TIPS | BOX 6 MEDICARE TAX WITHHELD | Box 3 - Box 5 |
|-----------------------------------|--|-----------------------------------|-----------------------------------|---------------|
| 45,034.21 | 2,792.12 | 45,034.21 | 653.00 | - |
| 22,309.03 | 1,383.16 | 22,309.03 | 323.48 | - |
| 23,847.03 | 1,478.52 | 23,847.03 | 345.78 | - |
| 32,203.40 | 1,996.61 | 32,203.40 | 466.95 | - |
| 48,025.51 | 2,977.58 | 48,025.51 | 696.37 | - |
| 43,725.99 | 2,711.01 | 43,725.99 | 634.03 | - |
| 48,069.51 | 2,980.31 | 48,069.51 | 697.01 | - |
| 56,877.51 | 3,526.41 | 56,877.51 | 824.72 | - |
| 53,972.69 | 3,346.31 | 53,972.69 | 782.60 | - |
| 55,010.53 | 4,030.65 | 55,010.53 | 942.65 | - |
| 52,237.51 | 3,238.73 | 52,237.51 | 757.44 | - |
| 22,549.54 | 1,398.07 | 22,549.54 | 326.97 | - |
| 21,660.85 | 1,342.97 | 21,660.85 | 314.08 | - |
| 43,657.51 | 2,706.77 | 43,657.51 | 633.03 | - |
| 24,202.99 | 1,500.59 | 24,202.99 | 350.94 | - |
| 21,216.85 | 1,315.44 | 21,216.85 | 307.64 | - |
| 21,220.29 | 1,315.66 | 21,220.29 | 307.69 | - |
| 20,700.85 | 1,283.45 | 20,700.85 | 300.16 | - |
| 47,679.77 | 2,956.15 | 47,679.77 | 691.36 | - |
| 20,700.85 | 1,283.45 | 20,700.85 | 300.16 | - |
| 21,216.85 | 1,315.44 | 21,216.85 | 307.64 | - |
| 20,989.50 | 1,301.35 | 20,989.50 | 304.35 | - |
| 21,216.85 | 1,315.44 | 21,216.85 | 307.64 | - |
| 49,989.75 | 3,099.36 | 49,989.75 | 724.85 | - |
| 41,149.51 | 2,551.27 | 41,149.51 | 596.67 | - |
| 21,931.03 | 1,359.72 | 21,931.03 | 318.00 | - |
| 21,816.80 | 1,352.64 | 21,816.80 | 316.34 | - |
| 42,457.51 | 2,632.37 | 42,457.51 | 615.63 | - |
| 36,518.42 | 2,264.14 | 36,518.42 | 529.52 | - |
| 52,554.93 | 3,258.41 | 52,554.93 | 762.05 | - |
| 21,216.85 | 1,315.44 | 21,216.85 | 307.64 | - |
| 26,414.27 | 1,637.68 | 26,414.27 | 383.01 | - |
| 36,877.99 | 2,286.44 | 36,877.99 | 534.73 | - |
| 26,173.70 | 1,622.77 | 26,173.70 | 379.52 | - |
| 23,236.18 | 1,440.64 | 23,236.18 | 336.92 | - |
| 48,593.77 | 3,012.81 | 48,593.77 | 704.61 | - |
| 41,133.99 | 2,550.31 | 41,133.99 | 596.44 | - |
| 42,764.75 | 2,651.41 | 42,764.75 | 620.09 | - |
| 43,162.11 | 2,676.05 | 43,162.11 | 625.85 | - |
| 41,877.99 | 2,596.44 | 41,877.99 | 607.23 | - |
| 35,363.35 | 2,192.53 | 35,363.35 | 512.77 | - |
| 94,200.00 | 5,840.40 | 117,130.68 | 1,698.39 | (22,930.68) |
| 42,347.95 | 2,625.57 | 42,347.95 | 614.05 | - |
| 41,133.99 | 2,550.31 | 41,133.99 | 596.44 | - |
| 34,481.46 | 2,137.85 | 34,481.46 | 499.98 | - |
| 43,401.99 | 2,690.92 | 43,401.99 | 629.33 | - |
| 43,255.99 | 2,681.87 | 43,255.99 | 627.21 | - |
| 22,873.03 | 1,418.13 | 22,873.03 | 331.66 | - |
| 52,595.39 | 3,260.91 | 52,595.39 | 762.63 | - |
| 42,994.03 | 2,665.63 | 42,994.03 | 623.41 | - |
| 40,707.02 | 2,523.84 | 40,707.02 | 590.25 | - |
| 43,167.99 | 2,676.42 | 43,167.99 | 625.94 | - |
| 52,469.99 | 3,253.14 | 52,469.99 | 760.81 | - |
| 21,234.71 | 1,316.55 | 21,234.71 | 307.90 | - |
| 41,112.69 | 2,548.99 | 41,112.69 | 596.13 | - |
| 44,699.99 | 2,771.40 | 44,699.99 | 648.15 | - |
| 43,355.34 | 2,688.03 | 43,355.34 | 628.65 | - |

University Hospitals of Cleveland
Resident Listing
12/31/06

| BOX 3 SOCIAL SECURITY WAGES | BOX 4 SOCIAL SECURITY TAX WITHHELD | BOX 5 MEDICARE WAGES & TIPS | BOX 6 MEDICARE TAX WITHHELD | Box 3 - Box 5 |
|-----------------------------------|--|-----------------------------------|-----------------------------------|---------------|
| 40,261.22 | 2,496.20 | 40,261.22 | 583.79 | - |
| 42,940.00 | 2,662.28 | 42,940.00 | 622.63 | - |
| 44,747.51 | 2,774.35 | 44,747.51 | 648.84 | - |
| 40,960.51 | 2,539.55 | 40,960.51 | 593.93 | - |
| 44,385.63 | 2,751.91 | 44,385.63 | 643.59 | - |
| 22,643.86 | 1,403.92 | 22,643.86 | 328.34 | - |
| 41,255.51 | 2,557.84 | 41,255.51 | 598.20 | - |
| 150.00 | 9.30 | 150.00 | 2.18 | - |
| 22,394.74 | 1,388.47 | 22,394.74 | 324.72 | - |
| 21,899.86 | 1,357.79 | 21,899.86 | 317.55 | - |
| 22,643.86 | 1,403.92 | 22,643.86 | 328.34 | - |
| 42,573.63 | 2,639.57 | 42,573.63 | 617.32 | - |
| 4,600.39 | 285.22 | 4,600.39 | 66.71 | - |
| - | - | - | - | - |
| 22,451.86 | 1,392.02 | 22,451.86 | 325.55 | - |
| 31,850.54 | 1,974.73 | 31,850.54 | 461.83 | - |
| 20,561.03 | 1,274.78 | 20,561.03 | 298.13 | - |
| 23,606.79 | 1,463.62 | 23,606.79 | 342.30 | - |
| 42,457.51 | 2,632.37 | 42,457.51 | 615.63 | - |
| 44,296.85 | 2,746.40 | 44,296.85 | 642.30 | - |
| 21,492.75 | 1,332.55 | 21,492.75 | 311.64 | - |
| 23,318.85 | 1,445.77 | 23,318.85 | 338.12 | - |
| 21,240.85 | 1,316.93 | 21,240.85 | 307.99 | - |
| 43,376.37 | 2,689.33 | 43,376.37 | 628.96 | - |
| 22,247.68 | 1,379.36 | 22,247.68 | 322.59 | - |
| 23,956.61 | 1,485.31 | 23,956.61 | 347.37 | - |
| 21,893.03 | 1,357.37 | 21,893.03 | 317.45 | - |
| 43,131.63 | 2,674.16 | 43,131.63 | 625.41 | - |
| 45,478.12 | 2,819.64 | 45,478.12 | 659.43 | - |
| 26,083.68 | 1,617.19 | 26,083.68 | 378.21 | - |
| 21,695.03 | 1,345.09 | 21,695.03 | 314.58 | - |
| 21,871.03 | 1,356.00 | 21,871.03 | 317.13 | - |
| 42,868.00 | 2,657.82 | 42,868.00 | 621.59 | - |
| 43,355.34 | 2,688.03 | 43,355.34 | 628.65 | - |
| 22,526.78 | 1,396.66 | 22,526.78 | 326.64 | - |
| 41,169.68 | 2,552.52 | 41,169.68 | 596.96 | - |
| 43,605.99 | 2,703.57 | 43,605.99 | 632.29 | - |
| 23,300.79 | 1,444.65 | 23,300.79 | 337.86 | - |
| - | - | - | - | - |
| 44,769.63 | 2,775.72 | 44,769.63 | 649.16 | - |
| 88,010.88 | 5,456.67 | 224,916.88 | 3,261.30 | (136,906.00) |
| 40,238.96 | 2,494.82 | 40,238.96 | 583.46 | - |
| 43,627.93 | 2,704.93 | 43,627.93 | 632.60 | - |
| 19,625.65 | 1,216.79 | 19,625.65 | 284.57 | - |
| 44,258.77 | 2,744.04 | 44,258.77 | 641.75 | - |
| - | - | - | - | - |
| 44,277.63 | 2,745.21 | 44,277.63 | 642.03 | - |
| 44,972.33 | 2,788.28 | 44,972.33 | 652.10 | - |
| 12,997.01 | 805.81 | 12,997.01 | 188.46 | - |
| - | - | - | - | - |
| 44,802.11 | 2,777.73 | 44,802.11 | 649.63 | - |
| 42,397.96 | 2,628.67 | 42,397.96 | 614.77 | - |
| 21,443.87 | 1,329.52 | 21,443.87 | 310.94 | - |
| 39,237.19 | 2,432.71 | 39,237.19 | 568.94 | - |
| 43,883.14 | 2,720.75 | 43,883.14 | 636.31 | - |
| 41,287.14 | 2,559.80 | 41,287.14 | 598.66 | - |
| 41,743.14 | 2,588.07 | 41,743.14 | 605.28 | - |
| 42,657.46 | 2,644.76 | 42,657.46 | 618.53 | - |
| 40,255.14 | 2,495.82 | 40,255.14 | 583.70 | - |

University Hospitals of Cleveland
Resident Listing
12/31/06

| BOX 3 SOCIAL SECURITY WAGES | BOX 4 SOCIAL SECURITY TAX WITHHELD | BOX 5 MEDICARE WAGES & TIPS | BOX 6 MEDICARE TAX WITHHELD | Box 3 - Box 5 |
|-----------------------------------|--|-----------------------------------|-----------------------------------|---------------|
| 44,768.22 | 2,775.63 | 44,768.22 | 649.14 | - |
| 43,249.70 | 2,681.48 | 43,249.70 | 627.12 | - |
| 39,652.12 | 2,458.43 | 39,652.12 | 574.96 | - |
| 18,067.55 | 1,120.19 | 18,067.55 | 261.98 | - |
| 42,277.14 | 2,621.18 | 42,277.14 | 613.02 | - |
| 41,948.78 | 2,800.82 | 41,948.78 | 608.26 | - |
| 54,289.99 | 3,365.98 | 54,289.99 | 787.20 | - |
| 50,487.14 | 3,130.20 | 50,487.14 | 732.06 | - |
| 41,084.10 | 2,547.21 | 41,084.10 | 595.72 | - |
| 43,495.14 | 2,696.70 | 43,495.14 | 630.68 | - |
| 41,287.14 | 2,559.80 | 41,287.14 | 598.66 | - |
| 41,743.14 | 2,588.07 | 41,743.14 | 605.28 | - |
| 41,218.78 | 2,555.56 | 41,218.78 | 597.67 | - |
| 56,223.14 | 3,485.83 | 56,223.14 | 815.24 | - |
| 40,614.48 | 2,518.10 | 40,614.48 | 588.91 | - |
| 36,126.44 | 2,239.84 | 36,126.44 | 523.83 | - |
| 41,184.74 | 2,553.45 | 41,184.74 | 597.18 | - |
| 44,223.14 | 2,741.83 | 44,223.14 | 641.24 | - |
| 45,427.14 | 2,816.48 | 45,427.14 | 658.69 | - |
| 41,266.91 | 2,558.55 | 41,266.91 | 598.37 | - |
| 42,723.14 | 2,648.83 | 42,723.14 | 619.49 | - |
| 39,515.46 | 2,449.96 | 39,515.46 | 572.97 | - |
| 42,387.14 | 2,628.00 | 42,387.14 | 614.61 | - |
| 41,871.14 | 2,596.01 | 41,871.14 | 607.13 | - |
| 43,354.32 | 2,687.97 | 43,354.32 | 628.64 | - |
| 42,783.14 | 2,652.55 | 42,783.14 | 620.36 | - |
| 42,587.14 | 2,640.40 | 42,587.14 | 617.51 | - |
| 41,743.14 | 2,588.07 | 41,743.14 | 605.28 | - |
| 40,387.14 | 2,504.00 | 40,387.14 | 585.61 | - |
| 43,327.14 | 2,686.28 | 43,327.14 | 628.24 | - |
| 46,235.14 | 2,866.58 | 46,235.14 | 670.41 | - |
| 40,623.37 | 2,518.65 | 40,623.37 | 589.04 | - |
| 44,207.14 | 2,740.84 | 44,207.14 | 641.00 | - |
| 42,175.14 | 2,614.86 | 42,175.14 | 611.54 | - |
| 41,543.14 | 2,575.67 | 41,543.14 | 602.38 | - |
| 44,043.14 | 2,730.67 | 44,043.14 | 638.63 | - |
| 52,227.14 | 3,238.08 | 52,227.14 | 757.29 | - |
| 41,287.14 | 2,559.80 | 41,287.14 | 598.66 | - |
| 44,708.78 | 2,771.94 | 44,708.78 | 648.28 | - |
| 41,156.78 | 2,551.72 | 41,156.78 | 596.77 | - |
| 46,604.78 | 2,889.50 | 46,604.78 | 675.77 | - |
| 41,408.78 | 2,567.34 | 41,408.78 | 600.43 | - |
| 48,087.14 | 2,981.40 | 48,087.14 | 697.26 | - |
| 41,908.78 | 2,598.34 | 41,908.78 | 607.68 | - |
| 44,791.14 | 2,777.05 | 44,791.14 | 649.47 | - |
| 41,266.91 | 2,558.55 | 41,266.91 | 598.37 | - |
| 39,611.14 | 2,455.89 | 39,611.14 | 574.36 | - |
| 45,485.14 | 2,820.08 | 45,485.14 | 659.53 | - |
| 47,465.14 | 2,942.84 | 47,465.14 | 688.24 | - |
| 41,970.91 | 2,602.20 | 41,970.91 | 608.58 | - |
| 58,779.55 | 3,544.33 | 58,779.55 | 852.30 | - |
| 43,167.14 | 2,676.36 | 43,167.14 | 625.92 | - |
| 43,825.14 | 2,717.16 | 43,825.14 | 635.46 | - |
| 40,518.78 | 2,512.16 | 40,518.78 | 587.52 | - |

University Hospitals of Cleveland
Resident Listing
12/31/06

| BOX 3 SOCIAL SECURITY WAGES | BOX 4 SOCIAL SECURITY TAX WITHHELD | BOX 5 MEDICARE WAGES & TIPS | BOX 6 MEDICARE TAX WITHHELD | Box 3 - Box 5 |
|-----------------------------------|--|-----------------------------------|-----------------------------------|---------------|
| 40,798.61 | 2,529.51 | 40,798.61 | 591.58 | - |
| 47,547.14 | 2,947.92 | 47,547.14 | 689.43 | - |
| 43,182.64 | 2,677.32 | 43,182.64 | 626.15 | - |
| 41,887.14 | 2,597.00 | 41,887.14 | 607.36 | - |
| 44,523.14 | 2,760.43 | 44,523.14 | 645.59 | - |
| 43,689.14 | 2,708.73 | 43,689.14 | 633.49 | - |
| 39,490.80 | 2,448.43 | 39,490.80 | 572.62 | - |
| 41,215.14 | 2,555.34 | 41,215.14 | 597.62 | - |
| 41,434.61 | 2,568.95 | 41,434.61 | 600.80 | - |
| 45,596.78 | 2,827.00 | 45,596.78 | 661.15 | - |
| 41,797.14 | 2,591.42 | 41,797.14 | 606.06 | - |
| 49,007.14 | 3,038.44 | 49,007.14 | 710.60 | - |
| 41,477.14 | 2,571.58 | 41,477.14 | 601.42 | - |
| 41,227.14 | 2,556.08 | 41,227.14 | 597.79 | - |
| 40,268.78 | 2,496.66 | 40,268.78 | 583.90 | - |
| 40,244.97 | 2,495.19 | 40,244.97 | 583.55 | - |
| 20,353.35 | 1,261.91 | 20,353.35 | 295.12 | - |
| 40,696.32 | 2,523.17 | 40,696.32 | 590.10 | - |
| 39,968.78 | 2,478.06 | 39,968.78 | 579.55 | - |
| 41,287.14 | 2,559.80 | 41,287.14 | 598.66 | - |
| 40,808.78 | 2,530.14 | 40,808.78 | 591.73 | - |
| 34,511.14 | 2,139.69 | 34,511.14 | 500.41 | - |
| 23,676.70 | 1,467.96 | 23,676.70 | 343.31 | - |
| 43,365.99 | 2,688.69 | 43,365.99 | 628.81 | - |
| 42,909.99 | 2,660.42 | 42,909.99 | 622.19 | - |
| 42,888.93 | 2,659.11 | 42,888.93 | 621.89 | - |
| 40,736.78 | 2,525.68 | 40,736.78 | 590.68 | - |
| 58,636.22 | 3,635.45 | 58,636.22 | 850.23 | - |
| 41,448.94 | 2,569.83 | 41,448.94 | 601.01 | - |
| 40,513.48 | 2,511.84 | 40,513.48 | 587.45 | - |
| 24,105.85 | 1,494.56 | 24,105.85 | 349.53 | - |
| 40,255.14 | 2,495.82 | 40,255.14 | 583.70 | - |
| 41,323.14 | 2,562.03 | 41,323.14 | 599.19 | - |
| 47,269.24 | 2,930.69 | 47,269.24 | 685.40 | - |
| 46,528.49 | 2,884.77 | 46,528.49 | 674.66 | - |
| 26,431.53 | 1,638.75 | 26,431.53 | 383.26 | - |
| 42,909.99 | 2,660.42 | 42,909.99 | 622.19 | - |
| 41,287.14 | 2,559.80 | 41,287.14 | 598.66 | - |
| 36,001.99 | 2,232.12 | 36,001.99 | 522.03 | - |
| 47,036.22 | 2,916.25 | 47,036.22 | 682.03 | - |
| 30,767.67 | 1,907.60 | 30,767.67 | 446.13 | - |
| 40,294.34 | 2,498.25 | 40,294.34 | 584.27 | - |
| 41,246.68 | 2,557.29 | 41,246.68 | 598.08 | - |
| 42,295.24 | 2,622.30 | 42,295.24 | 613.28 | - |
| 40,623.37 | 2,518.65 | 40,623.37 | 589.04 | - |
| 42,909.99 | 2,660.42 | 42,909.99 | 622.19 | - |
| 21,678.14 | 1,344.04 | 21,678.14 | 314.33 | - |
| 45,049.44 | 2,793.07 | 45,049.44 | 653.22 | - |
| 43,026.11 | 2,607.62 | 43,026.11 | 623.88 | - |
| 40,495.14 | 2,510.70 | 40,495.14 | 587.18 | - |
| 24,759.62 | 1,535.10 | 24,759.62 | 359.01 | - |
| 43,797.99 | 2,715.48 | 43,797.99 | 635.07 | - |
| 41,256.74 | 2,557.92 | 41,256.74 | 598.22 | - |
| 39,643.14 | 2,457.87 | 39,643.14 | 574.83 | - |
| 43,522.01 | 2,698.36 | 43,522.01 | 631.07 | - |

University Hospitals of Cleveland
Resident Listing
12/31/06

| BOX 3 SOCIAL SECURITY WAGES | BOX 4 SOCIAL SECURITY TAX WITHHELD | BOX 5 MEDICARE WAGES & TIPS | BOX 6 MEDICARE TAX WITHHELD | Box 3 - Box 5 |
|-----------------------------------|--|-----------------------------------|-----------------------------------|---------------|
| 25,095.62 | 1,555.93 | 25,095.62 | 363.89 | - |
| 40,164.67 | 2,490.21 | 40,164.67 | 582.39 | - |
| 41,276.97 | 2,559.17 | 41,276.97 | 598.52 | - |
| 41,287.14 | 2,559.80 | 41,287.14 | 598.66 | - |
| 42,909.99 | 2,660.42 | 42,909.99 | 622.19 | - |
| 42,909.99 | 2,660.42 | 42,909.99 | 622.19 | - |
| 43,365.99 | 2,688.69 | 43,365.99 | 628.81 | - |
| 61,723.99 | 3,826.89 | 61,723.99 | 895.00 | - |
| 41,287.14 | 2,559.80 | 41,287.14 | 598.66 | - |
| 42,117.99 | 2,611.32 | 42,117.99 | 610.71 | - |
| 41,266.91 | 2,558.55 | 41,266.91 | 598.37 | - |
| 42,899.34 | 2,659.76 | 42,899.34 | 622.04 | - |
| 46,244.72 | 2,867.17 | 46,244.72 | 670.55 | - |
| 34,715.33 | 2,152.35 | 34,715.33 | 503.37 | - |
| 41,779.14 | 2,590.31 | 41,779.14 | 605.80 | - |
| 36,021.19 | 2,233.31 | 36,021.19 | 522.31 | - |
| 94,200.00 | 5,840.40 | 284,190.25 | 4,120.75 | (189,990.25) |
| 39,511.14 | 2,449.69 | 39,511.14 | 572.91 | - |
| 60,848.99 | 3,772.64 | 60,848.99 | 882.31 | - |
| 44,802.11 | 2,777.73 | 44,802.11 | 649.63 | - |
| 42,565.99 | 2,639.09 | 42,565.99 | 617.21 | - |
| 39,032.78 | 2,420.03 | 39,032.78 | 565.98 | - |
| 42,909.99 | 2,660.42 | 42,909.99 | 622.19 | - |
| 42,909.99 | 2,660.42 | 42,909.99 | 622.19 | - |
| 20,715.66 | 1,284.37 | 20,715.66 | 300.38 | - |
| 39,994.68 | 2,479.67 | 39,994.68 | 579.92 | - |
| 40,470.54 | 2,509.17 | 40,470.54 | 586.82 | - |
| 41,287.14 | 2,559.80 | 41,287.14 | 598.66 | - |
| 25,155.62 | 1,559.65 | 25,155.62 | 364.76 | - |
| 19,873.50 | 1,232.16 | 19,873.50 | 288.17 | - |
| 23,232.70 | 1,440.43 | 23,232.70 | 336.87 | - |
| 43,401.99 | 2,690.92 | 43,401.99 | 629.33 | - |
| 41,402.07 | 2,566.93 | 41,402.07 | 600.33 | - |
| 40,255.14 | 2,495.82 | 40,255.14 | 583.70 | - |
| 30,511.82 | 1,891.73 | 30,511.82 | 442.42 | - |
| 42,909.99 | 2,660.42 | 42,909.99 | 622.19 | - |
| 46,660.61 | 2,892.96 | 46,660.61 | 676.58 | - |
| 40,736.78 | 2,525.68 | 40,736.78 | 590.68 | - |
| 41,192.78 | 2,553.95 | 41,192.78 | 597.30 | - |
| 40,994.68 | 2,541.67 | 40,994.68 | 594.42 | - |
| 40,894.95 | 2,535.49 | 40,894.95 | 592.98 | - |
| 40,736.78 | 2,525.68 | 40,736.78 | 590.68 | - |
| 41,856.69 | 2,595.11 | 41,856.69 | 606.92 | - |
| - | - | - | - | - |
| 42,835.99 | 2,655.83 | 42,835.99 | 621.12 | - |
| - | - | - | - | - |
| 31,496.17 | 1,952.76 | 31,496.17 | 456.69 | - |
| 31,820.17 | 1,972.85 | 31,820.17 | 461.39 | - |
| 43,063.69 | 2,669.95 | 43,063.69 | 624.42 | - |
| 37,975.87 | 2,354.50 | 37,975.87 | 550.65 | - |
| 38,512.60 | 2,387.78 | 38,512.60 | 558.43 | - |
| 38,758.78 | 2,403.04 | 38,758.78 | 562.00 | - |
| 40,297.31 | 2,498.43 | 40,297.31 | 584.31 | - |
| 39,392.60 | 2,442.34 | 39,392.60 | 571.19 | - |
| 39,812.60 | 2,468.38 | 39,812.60 | 577.28 | - |
| 39,392.60 | 2,442.34 | 39,392.60 | 571.19 | - |
| 19,704.92 | 1,221.71 | 19,704.92 | 285.72 | - |
| 41,152.61 | 2,551.46 | 41,152.61 | 596.71 | - |
| 38,075.00 | 2,360.65 | 38,075.00 | 552.09 | - |

University Hospitals of Cleveland
Resident Listing
12/31/06

| BOX 3 SOCIAL SECURITY WAGES | BOX 4 SOCIAL SECURITY TAX WITHHELD | BOX 5 MEDICARE WAGES & TIPS | BOX 6 MEDICARE TAX WITHHELD | Box 3 - Box 5 |
|-----------------------------------|--|-----------------------------------|-----------------------------------|---------------|
| 39,262.60 | 2,434.28 | 39,262.60 | 569.31 | - |
| 40,196.82 | 2,492.20 | 40,196.82 | 582.85 | - |
| 39,920.82 | 2,475.09 | 39,920.82 | 578.85 | - |
| 39,353.58 | 2,439.92 | 39,353.58 | 570.63 | - |
| 40,234.78 | 2,494.56 | 40,234.78 | 583.40 | - |
| 39,896.82 | 2,473.60 | 39,896.82 | 578.50 | - |
| 39,661.80 | 2,459.03 | 39,661.80 | 575.10 | - |
| 40,316.82 | 2,499.64 | 40,316.82 | 584.59 | - |
| 39,812.60 | 2,468.38 | 39,812.60 | 577.28 | - |
| 29,643.70 | 1,837.91 | 29,643.70 | 429.83 | - |
| 40,612.82 | 2,517.99 | 40,612.82 | 588.89 | - |
| 37,712.60 | 2,338.18 | 37,712.60 | 546.83 | - |
| 39,829.09 | 2,469.40 | 39,829.09 | 577.52 | - |
| 40,316.82 | 2,499.64 | 40,316.82 | 584.59 | - |
| 39,392.60 | 2,442.34 | 39,392.60 | 571.19 | - |
| 40,782.82 | 2,528.53 | 40,782.82 | 591.35 | - |
| 44,412.60 | 2,753.58 | 44,412.60 | 643.98 | - |
| 39,356.60 | 2,440.11 | 39,356.60 | 570.67 | - |
| 39,848.60 | 2,470.61 | 39,848.60 | 577.80 | - |
| 39,962.60 | 2,477.68 | 39,962.60 | 579.46 | - |
| 38,896.82 | 2,411.60 | 38,896.82 | 564.00 | - |
| 40,473.09 | 2,509.33 | 40,473.09 | 586.86 | - |
| 40,703.46 | 2,523.61 | 40,703.46 | 590.20 | - |
| 39,851.00 | 2,470.76 | 39,851.00 | 577.84 | - |
| 38,456.60 | 2,384.31 | 38,456.60 | 557.62 | - |
| 40,184.60 | 2,491.45 | 40,184.60 | 582.68 | - |
| 39,356.60 | 2,440.11 | 39,356.60 | 570.67 | - |
| 39,663.60 | 2,459.14 | 39,663.60 | 575.12 | - |
| 38,324.60 | 2,376.13 | 38,324.60 | 555.71 | - |
| 40,316.82 | 2,499.64 | 40,316.82 | 584.59 | - |
| 39,423.58 | 2,444.26 | 39,423.58 | 571.64 | - |
| 41,137.18 | 2,550.51 | 41,137.18 | 596.49 | - |
| 39,860.82 | 2,471.37 | 39,860.82 | 577.98 | - |
| 39,340.60 | 2,439.12 | 39,340.60 | 570.44 | - |
| 39,990.82 | 2,479.43 | 39,990.82 | 579.87 | - |
| 38,272.60 | 2,372.90 | 38,272.60 | 554.95 | - |
| 39,382.78 | 2,441.73 | 39,382.78 | 571.05 | - |
| 39,476.82 | 2,447.56 | 39,476.82 | 572.41 | - |
| 40,996.82 | 2,541.80 | 40,996.82 | 594.45 | - |
| 39,862.11 | 2,471.45 | 39,862.11 | 578.00 | - |
| 47,481.52 | 2,943.85 | 47,481.52 | 688.48 | - |
| 40,748.82 | 2,526.43 | 40,748.82 | 590.86 | - |
| 38,828.61 | 2,407.37 | 38,828.61 | 563.01 | - |
| 40,028.60 | 2,481.77 | 40,028.60 | 580.41 | - |
| 39,860.82 | 2,471.37 | 39,860.82 | 577.98 | - |
| 39,960.82 | 2,477.57 | 39,960.82 | 579.43 | - |
| 38,352.97 | 2,377.88 | 38,352.97 | 556.12 | - |
| 39,356.60 | 2,440.11 | 39,356.60 | 570.67 | - |
| 39,896.82 | 2,473.60 | 39,896.82 | 578.50 | - |
| 39,802.78 | 2,467.77 | 39,802.78 | 577.14 | - |
| 37,704.60 | 2,337.69 | 37,704.60 | 546.72 | - |
| 40,280.82 | 2,497.41 | 40,280.82 | 584.07 | - |
| 39,848.60 | 2,470.61 | 39,848.60 | 577.80 | - |
| 39,317.58 | 2,437.69 | 39,317.58 | 570.10 | - |
| 20,016.97 | 1,241.05 | 20,016.97 | 290.25 | - |
| 30,188.20 | 1,871.67 | 30,188.20 | 437.73 | - |
| 39,356.60 | 2,440.11 | 39,356.60 | 570.67 | - |
| 39,821.80 | 2,468.95 | 39,821.80 | 577.42 | - |
| 39,896.82 | 2,473.60 | 39,896.82 | 578.50 | - |

University Hospitals of Cleveland
Resident Listing
12/31/06

| BOX 3 SOCIAL SECURITY WAGES | BOX 4 SOCIAL SECURITY TAX WITHHELD | BOX 5 MEDICARE WAGES & TIPS | BOX 6 MEDICARE TAX WITHHELD | Box 3 - Box 5 |
|-----------------------------------|--|-----------------------------------|-----------------------------------|---------------|
| 39,956.82 | 2,477.32 | 39,956.82 | 579.37 | - |
| 39,279.58 | 2,435.33 | 39,279.58 | 569.55 | - |
| 39,920.82 | 2,475.09 | 39,920.82 | 578.85 | - |
| 37,944.56 | 2,352.56 | 37,944.56 | 550.20 | - |
| 37,634.56 | 2,333.34 | 37,634.56 | 545.70 | - |
| 39,848.60 | 2,470.61 | 39,848.60 | 577.80 | - |
| 41,170.82 | 2,552.59 | 41,170.82 | 596.98 | - |
| 38,496.66 | 2,386.79 | 38,496.66 | 558.20 | - |
| 19,776.92 | 1,226.17 | 19,776.92 | 286.77 | - |
| 39,188.12 | 2,429.66 | 39,188.12 | 568.23 | - |
| 40,178.94 | 2,491.09 | 40,178.94 | 582.59 | - |
| 39,872.82 | 2,472.11 | 39,872.82 | 578.16 | - |
| 20,226.97 | 1,254.07 | 20,226.97 | 293.29 | - |
| 19,998.97 | 1,239.94 | 19,998.97 | 289.99 | - |
| 41,564.14 | 2,576.98 | 41,564.14 | 602.68 | - |
| 38,066.78 | 2,360.14 | 38,066.78 | 551.97 | - |
| 39,356.60 | 2,440.11 | 39,356.60 | 570.67 | - |
| 40,048.50 | 2,483.01 | 40,048.50 | 580.70 | - |
| 43,655.89 | 2,706.67 | 43,655.89 | 633.01 | - |
| 40,667.46 | 2,521.38 | 40,667.46 | 589.68 | - |
| 41,396.82 | 2,566.60 | 41,396.82 | 600.25 | - |
| 41,562.99 | 2,576.91 | 41,562.99 | 602.66 | - |
| 39,476.82 | 2,447.56 | 39,476.82 | 572.41 | - |
| 40,205.58 | 2,492.75 | 40,205.58 | 582.98 | - |
| 39,909.96 | 2,474.42 | 39,909.96 | 578.69 | - |
| 8,997.30 | 557.83 | 8,997.30 | 130.46 | - |
| 39,941.58 | 2,476.38 | 39,941.58 | 579.15 | - |
| 40,670.78 | 2,521.59 | 40,670.78 | 589.73 | - |
| 37,880.28 | 2,348.58 | 37,880.28 | 549.26 | - |
| 40,905.42 | 2,536.14 | 40,905.42 | 593.13 | - |
| 39,821.80 | 2,468.95 | 39,821.80 | 577.42 | - |
| 40,216.32 | 2,493.41 | 40,216.32 | 583.14 | - |
| 39,896.87 | 2,473.61 | 39,896.87 | 578.50 | - |
| 40,996.82 | 2,541.80 | 40,996.82 | 594.45 | - |
| 40,316.82 | 2,499.64 | 40,316.82 | 584.59 | - |
| 19,998.97 | 1,239.94 | 19,998.97 | 289.99 | - |
| 40,473.96 | 2,509.39 | 40,473.96 | 586.87 | - |
| 39,981.96 | 2,478.88 | 39,981.96 | 579.74 | - |
| 39,896.82 | 2,473.60 | 39,896.82 | 578.50 | - |
| 39,122.34 | 2,425.59 | 39,122.34 | 567.27 | - |
| 39,812.60 | 2,468.38 | 39,812.60 | 577.28 | - |
| 40,244.60 | 2,495.17 | 40,244.60 | 583.55 | - |
| 20,004.92 | 1,240.31 | 20,004.92 | 290.07 | - |
| 40,385.58 | 2,503.91 | 40,385.58 | 585.59 | - |
| 20,262.97 | 1,256.30 | 20,262.97 | 293.81 | - |
| 39,896.82 | 2,473.60 | 39,896.82 | 578.50 | - |
| 47,682.53 | 2,956.32 | 47,682.53 | 691.40 | - |
| 41,704.14 | 2,585.66 | 41,704.14 | 604.71 | - |
| 41,693.97 | 2,585.03 | 41,693.97 | 604.56 | - |
| 41,668.14 | 2,583.42 | 41,668.14 | 604.19 | - |
| 13,054.09 | 809.35 | 13,054.09 | 189.28 | - |
| 40,707.92 | 2,523.89 | 40,707.92 | 590.26 | - |
| 20,442.97 | 1,267.46 | 20,442.97 | 296.42 | - |
| 33,236.82 | 2,060.68 | 33,236.82 | 481.93 | - |
| 14,246.08 | 883.26 | 14,246.08 | 206.57 | - |
| 18,622.31 | 1,154.58 | 18,622.31 | 270.02 | - |

University Hospitals of Cleveland
Resident Listing
12/31/06

| BOX 3 SOCIAL SECURITY WAGES | BOX 4 SOCIAL SECURITY TAX WITHHELD | BOX 5 MEDICARE WAGES & TIPS | BOX 6 MEDICARE TAX WITHHELD | Box 3 - Box 5 |
|-----------------------------------|--|-----------------------------------|-----------------------------------|---------------|
| 40,352.82 | 2,501.87 | 40,352.82 | 585.12 | - |
| 40,587.92 | 2,516.45 | 40,587.92 | 588.52 | - |
| - | - | - | - | - |
| 40,595.10 | 2,516.90 | 40,595.10 | 588.63 | - |
| - | - | - | - | - |
| 24,639.62 | 1,527.66 | 24,639.62 | 357.27 | - |
| 44,319.92 | 2,747.84 | 44,319.92 | 642.64 | - |
| 41,217.74 | 2,555.50 | 41,217.74 | 597.66 | - |
| 39,375.34 | 2,441.27 | 39,375.34 | 570.94 | - |
| 40,888.22 | 2,535.07 | 40,888.22 | 592.88 | - |
| 43,916.89 | 2,722.85 | 43,916.89 | 636.79 | - |
| 41,212.14 | 2,555.15 | 41,212.14 | 597.58 | - |
| 42,235.93 | 2,618.63 | 42,235.93 | 612.42 | - |
| - | - | - | - | - |
| 41,421.82 | 2,568.15 | 41,421.82 | 600.62 | - |
| 18,948.92 | 1,174.83 | 18,948.92 | 274.76 | - |
| 39,937.20 | 2,476.11 | 39,937.20 | 579.09 | - |
| 40,474.43 | 2,509.41 | 40,474.43 | 586.88 | - |
| 40,756.60 | 2,526.91 | 40,756.60 | 590.97 | - |
| 42,460.22 | 2,632.53 | 42,460.22 | 615.67 | - |
| 40,051.80 | 2,483.21 | 40,051.80 | 580.75 | - |
| 12,508.26 | 775.51 | 12,508.26 | 181.37 | - |
| 36,485.71 | 2,262.11 | 36,485.71 | 529.04 | - |
| 43,160.55 | 2,675.95 | 43,160.55 | 625.83 | - |
| 40,244.60 | 2,495.17 | 40,244.60 | 583.55 | - |
| 23,104.74 | 1,432.49 | 23,104.74 | 335.02 | - |
| 24,188.79 | 1,499.70 | 24,188.79 | 350.74 | - |
| 30,564.32 | 1,894.99 | 30,564.32 | 443.18 | - |
| 23,721.27 | 1,470.72 | 23,721.27 | 343.96 | - |
| 50,676.00 | 3,141.91 | 50,676.00 | 734.80 | - |
| 43,140.61 | 2,674.72 | 43,140.61 | 625.54 | - |
| 40,779.92 | 2,528.36 | 40,779.92 | 591.31 | - |
| 44,147.89 | 2,737.17 | 44,147.89 | 640.14 | - |
| 39,860.82 | 2,471.37 | 39,860.82 | 577.98 | - |
| 46,917.26 | 2,908.87 | 46,917.26 | 680.30 | - |
| 22,464.70 | 1,392.81 | 22,464.70 | 325.74 | - |
| 41,595.92 | 2,578.95 | 41,595.92 | 603.14 | - |
| 46,094.40 | 2,857.85 | 46,094.40 | 668.37 | - |
| 48,436.49 | 3,003.06 | 48,436.49 | 702.33 | - |
| 41,171.68 | 2,552.64 | 41,171.68 | 596.99 | - |
| 39,848.60 | 2,470.61 | 39,848.60 | 577.80 | - |
| 19,998.97 | 1,239.94 | 19,998.97 | 289.99 | - |
| 39,392.60 | 2,442.34 | 39,392.60 | 571.19 | - |
| 37,433.16 | 2,320.86 | 37,433.16 | 542.78 | - |
| 42,738.55 | 2,649.79 | 42,738.55 | 619.71 | - |
| 39,812.60 | 2,468.38 | 39,812.60 | 577.28 | - |
| 38,745.12 | 2,402.20 | 38,745.12 | 561.80 | - |
| 40,172.60 | 2,490.70 | 40,172.60 | 582.50 | - |
| 39,972.66 | 2,478.30 | 39,972.66 | 579.60 | - |
| 39,392.60 | 2,442.34 | 39,392.60 | 571.19 | - |
| 13,050.80 | - | 13,050.80 | - | - |
| 13,074.80 | 810.64 | 13,074.80 | 189.58 | - |
| 40,276.82 | 2,497.16 | 40,276.82 | 584.01 | - |
| 13,390.56 | - | 13,390.56 | - | - |
| 70,016.00 | 4,340.99 | 70,016.00 | 1,015.23 | - |
| 69,602.10 | 4,315.33 | 69,602.10 | 1,009.23 | - |
| 9,635.00 | 597.37 | 9,635.00 | 139.71 | - |
| 32,868.82 | 2,037.87 | 32,868.82 | 476.60 | - |

[illegible]

University Hospitals of Cleveland
Resident Listing
12/31/06

| BOX 3 SOCIAL SECURITY WAGES | BOX 4 SOCIAL SECURITY TAX WITHHELD | BOX 5 MEDICARE WAGES & TIPS | BOX 6 MEDICARE TAX WITHHELD | Box 3 - Box 5 |
|-----------------------------------|--|-----------------------------------|-----------------------------------|---------------|
| 19,640.94 | 1,217.74 | 19,640.94 | 284.79 | - |
| 18,637.36 | 1,155.52 | 18,637.36 | 270.24 | - |
| 19,942.92 | 1,236.46 | 19,942.92 | 289.17 | - |
| 19,860.68 | 1,231.36 | 19,860.68 | 287.98 | - |
| 19,978.92 | 1,238.69 | 19,978.92 | 289.69 | - |
| 19,669.14 | 1,219.49 | 19,669.14 | 285.20 | - |
| 22,445.42 | 1,391.62 | 22,445.42 | 325.46 | - |
| 19,196.94 | 1,190.21 | 19,196.94 | 278.36 | - |
| 20,242.92 | 1,255.06 | 20,242.92 | 293.52 | - |
| 20,257.92 | 1,255.99 | 20,257.92 | 293.74 | - |
| 20,188.92 | 1,251.71 | 20,188.92 | 292.74 | - |
| 18,745.36 | 1,162.21 | 18,745.36 | 271.81 | - |
| 19,621.38 | 1,216.53 | 19,621.38 | 284.51 | - |
| 19,938.00 | 1,236.16 | 19,938.00 | 289.10 | - |
| 17,549.08 | 1,088.04 | 17,549.08 | 254.46 | - |
| 18,185.48 | 1,127.50 | 18,185.48 | 263.69 | - |
| 19,392.24 | 1,202.32 | 19,392.24 | 281.19 | - |
| 13,613.31 | 844.03 | 13,613.31 | 197.39 | - |
| 19,933.14 | 1,235.85 | 19,933.14 | 289.03 | - |
| 24,689.95 | 1,530.78 | 24,689.95 | 358.00 | - |
| 20,170.92 | 1,250.60 | 20,170.92 | 292.48 | - |
| 19,978.92 | 1,238.69 | 19,978.92 | 289.69 | - |
| 20,914.28 | 1,296.69 | 20,914.28 | 303.26 | - |
| 20,206.92 | 1,252.83 | 20,206.92 | 293.00 | - |
| 20,154.68 | 1,249.59 | 20,154.68 | 292.24 | - |
| 19,719.06 | 1,222.58 | 19,719.06 | 285.93 | - |
| 20,206.92 | 1,252.83 | 20,206.92 | 293.00 | - |
| 19,942.92 | 1,236.46 | 19,942.92 | 289.17 | - |
| 19,019.42 | 1,179.20 | 19,019.42 | 275.78 | - |
| 19,996.92 | 1,239.81 | 19,996.92 | 289.96 | - |
| 20,180.46 | 1,251.19 | 20,180.46 | 292.62 | - |
| 19,485.06 | 1,208.07 | 19,485.06 | 282.53 | - |
| 20,907.72 | 1,296.28 | 20,907.72 | 303.16 | - |
| 18,308.94 | 1,135.15 | 18,308.94 | 265.48 | - |
| 19,560.12 | 1,212.73 | 19,560.12 | 283.62 | - |
| 19,942.92 | 1,236.46 | 19,942.92 | 289.17 | - |
| 17,480.94 | 1,083.82 | 17,480.94 | 253.47 | - |
| 20,304.68 | 1,258.89 | 20,304.68 | 294.42 | - |
| 19,960.92 | 1,237.58 | 19,960.92 | 289.43 | - |
| 19,878.68 | 1,232.48 | 19,878.68 | 288.24 | - |
| 20,014.92 | 1,240.93 | 20,014.92 | 290.22 | - |
| 18,315.48 | 1,135.55 | 18,315.48 | 265.57 | - |
| 19,978.92 | 1,238.69 | 19,978.92 | 289.69 | - |
| 15,026.92 | 931.67 | 15,026.92 | 217.89 | - |
| 11,051.84 | 685.21 | 11,051.84 | 160.25 | - |
| 21,705.72 | 1,345.75 | 21,705.72 | 314.73 | - |
| 19,278.68 | 1,195.28 | 19,278.68 | 279.54 | - |
| 20,036.15 | 1,242.24 | 20,036.15 | 290.52 | - |
| 37,517.76 | 2,326.10 | 37,517.76 | 544.01 | - |
| 19,877.90 | 1,232.43 | 19,877.90 | 288.23 | - |
| 18,972.68 | 1,176.31 | 18,972.68 | 275.10 | - |
| 19,475.94 | 1,207.51 | 19,475.94 | 282.40 | - |
| 20,042.60 | 1,242.64 | 20,042.60 | 290.62 | - |
| 19,396.92 | 1,202.61 | 19,396.92 | 281.26 | - |
| 21,346.42 | 1,323.48 | 21,346.42 | 309.52 | - |
| 19,385.52 | 1,201.90 | 19,385.52 | 281.09 | - |
| 20,206.92 | 1,252.83 | 20,206.92 | 293.00 | - |
| 19,160.94 | 1,187.98 | 19,160.94 | 277.83 | - |
| 19,230.48 | 1,192.29 | 19,230.48 | 278.84 | - |

University Hospitals of Cleveland
Resident Listing
12/31/06

| BOX 3 SOCIAL SECURITY WAGES | BOX 4 SOCIAL SECURITY TAX WITHHELD | BOX 5 MEDICARE WAGES & TIPS | BOX 6 MEDICARE TAX WITHHELD | Box 3 - Box 5 |
|-----------------------------------|--|-----------------------------------|-----------------------------------|---------------|
| 19,982.92 | 1,238.94 | 19,982.92 | 289.75 | - |
| 19,475.94 | 1,207.51 | 19,475.94 | 282.40 | - |
| 19,855.64 | 1,231.05 | 19,855.64 | 287.91 | - |
| 20,140.92 | 1,248.74 | 20,140.92 | 292.04 | - |
| 14,877.94 | 922.43 | 14,877.94 | 215.73 | - |
| 18,988.92 | 1,177.31 | 18,988.92 | 275.34 | - |
| 17,601.82 | 1,091.31 | 17,601.82 | 255.23 | - |
| 20,187.00 | 1,251.59 | 20,187.00 | 292.71 | - |
| 19,942.92 | 1,236.46 | 19,942.92 | 289.17 | - |
| 20,170.92 | 1,250.60 | 20,170.92 | 292.48 | - |
| 19,459.44 | 1,206.49 | 19,459.44 | 282.16 | - |
| 19,268.34 | 1,194.64 | 19,268.34 | 279.39 | - |
| 21,903.72 | 1,358.03 | 21,903.72 | 317.60 | - |
| 10,680.00 | 662.16 | 10,680.00 | 154.86 | - |
| 19,960.92 | 1,237.58 | 19,960.92 | 289.43 | - |
| 19,410.24 | 1,203.43 | 19,410.24 | 281.45 | - |
| 19,665.30 | 1,219.25 | 19,665.30 | 285.15 | - |
| 19,926.06 | 1,235.42 | 19,926.06 | 288.93 | - |
| 21,473.72 | 1,331.37 | 21,473.72 | 311.37 | - |
| 27,943.54 | 1,732.50 | 27,943.54 | 405.18 | - |
| 18,308.94 | 1,135.15 | 18,308.94 | 265.48 | - |
| 19,978.92 | 1,238.69 | 19,978.92 | 289.69 | - |
| 20,048.92 | 1,243.03 | 20,048.92 | 290.71 | - |
| 19,196.94 | 1,190.21 | 19,196.94 | 278.36 | - |
| 20,422.92 | 1,266.22 | 20,422.92 | 296.13 | - |
| 21,459.72 | 1,330.50 | 21,459.72 | 311.17 | - |
| 23,333.40 | 1,446.67 | 23,333.40 | 338.33 | - |
| 20,088.68 | 1,245.50 | 20,088.68 | 291.29 | - |
| 20,206.92 | 1,252.83 | 20,206.92 | 293.00 | - |
| 19,302.28 | 1,196.74 | 19,302.28 | 279.88 | - |
| 19,942.92 | 1,236.46 | 19,942.92 | 289.17 | - |
| 20,191.92 | 1,251.90 | 20,191.92 | 292.78 | - |
| 20,386.92 | 1,263.99 | 20,386.92 | 295.61 | - |
| 18,319.48 | 1,135.80 | 18,319.48 | 265.63 | - |
| 7,786.70 | 482.78 | 7,786.70 | 112.91 | - |
| 30,738.28 | 1,905.77 | 30,738.28 | 445.71 | - |
| 19,962.42 | 1,237.67 | 19,962.42 | 289.46 | - |
| 19,960.92 | 1,237.58 | 19,960.92 | 289.43 | - |
| 19,452.36 | 1,206.05 | 19,452.36 | 282.06 | - |
| 20,182.92 | 1,251.34 | 20,182.92 | 292.65 | - |
| 19,960.92 | 1,237.58 | 19,960.92 | 289.43 | - |
| 19,940.46 | 1,236.31 | 19,940.46 | 289.14 | - |
| 19,942.92 | 1,236.46 | 19,942.92 | 289.17 | - |
| 42,521.93 | 2,636.36 | 42,521.93 | 616.57 | - |
| 10,896.00 | 675.55 | 10,896.00 | 157.99 | - |
| 20,242.92 | 1,255.06 | 20,242.92 | 293.52 | - |
| 20,002.92 | 1,240.18 | 20,002.92 | 290.04 | - |
| 19,996.92 | 1,239.81 | 19,996.92 | 289.96 | - |
| 20,304.68 | 1,258.89 | 20,304.68 | 294.42 | - |
| 22,626.17 | 1,402.82 | 22,626.17 | 328.08 | - |
| 20,709.96 | 1,284.02 | 20,709.96 | 300.29 | - |
| 18,870.68 | 1,169.98 | 18,870.68 | 273.62 | - |
| 19,893.75 | 1,233.41 | 19,893.75 | 288.46 | - |
| 19,992.00 | 1,239.50 | 19,992.00 | 289.88 | - |
| 5,326.94 | 330.27 | 5,326.94 | 77.24 | - |
| 18,156.46 | 1,125.70 | 18,156.46 | 263.27 | - |
| 19,232.94 | 1,192.44 | 19,232.94 | 278.88 | - |
| 19,974.00 | 1,238.39 | 19,974.00 | 289.62 | - |
| 18,512.39 | 1,147.77 | 18,512.39 | 268.43 | - |

University Hospitals of Cleveland
Resident Listing
12/31/06

| BOX 3 SOCIAL SECURITY WAGES | BOX 4 SOCIAL SECURITY TAX WITHHELD | BOX 5 MEDICARE WAGES & TIPS | BOX 6 MEDICARE TAX WITHHELD | Box 3 - Box 5 |
|-----------------------------------|--|-----------------------------------|-----------------------------------|---------------|
| 20,070.68 | 1,244.38 | 20,070.68 | 291.02 | - |
| 19,396.65 | 1,202.59 | 19,396.65 | 281.25 | - |
| 18,738.28 | 1,161.77 | 18,738.28 | 271.71 | - |
| 19,415.16 | 1,203.74 | 19,415.16 | 281.52 | - |
| 19,514.36 | 1,209.89 | 19,514.36 | 282.96 | - |
| 20,188.92 | 1,251.71 | 20,188.92 | 292.74 | - |
| 21,705.72 | 1,345.75 | 21,705.72 | 314.73 | - |
| 19,981.92 | 1,238.88 | 19,981.92 | 289.74 | - |
| 20,168.46 | 1,250.44 | 20,168.46 | 292.44 | - |
| 19,942.92 | 1,236.46 | 19,942.92 | 289.17 | - |
| 19,836.24 | 1,229.85 | 19,836.24 | 287.63 | - |
| 20,304.68 | 1,258.89 | 20,304.68 | 294.42 | - |
| 20,951.72 | 1,299.01 | 20,951.72 | 303.80 | - |
| 19,863.36 | 1,231.53 | 19,863.36 | 288.02 | - |
| 19,527.42 | 1,210.70 | 19,527.42 | 283.15 | - |
| 22,754.65 | 1,410.79 | 22,754.65 | 329.94 | - |
| 19,836.24 | 1,229.85 | 19,836.24 | 287.63 | - |
| 21,493.56 | 1,332.60 | 21,493.56 | 311.66 | - |
| 22,828.94 | 1,415.39 | 22,828.94 | 331.02 | - |
| 20,876.64 | 1,294.35 | 20,876.64 | 302.71 | - |
| 19,942.92 | 1,236.46 | 19,942.92 | 289.17 | - |
| 20,637.72 | 1,279.54 | 20,637.72 | 299.25 | - |
| 19,388.94 | 1,202.11 | 19,388.94 | 281.14 | - |
| 19,960.92 | 1,237.58 | 19,960.92 | 289.43 | - |
| 19,160.94 | 1,187.98 | 19,160.94 | 277.83 | - |
| 21,705.73 | 1,345.76 | 21,705.73 | 314.73 | - |

| | | | | |
|------------------------------|---------------------|--------------------------|---------------------|--|
| 26,994,136.91 | 1,669,232.06 | 27,457,481.07 | 397,103.15 | Total for all Residents with FICA wages |
| | | | | (Less: Residents that filed their own claim) |
| | | (71,035.60) | | (Less: Residents with no FICA W/II) |
| \$ 26,923,101.31 | \$ 1,669,232.06 | \$ 27,386,445.47 | \$ 397,103.15 | Net FICA Claim Amount |
| Social Security Box 3 | | | | |
| Quarter | Wages per 2006 941s | 1/4 of Box 3 total above | Corrected Wages | Soc. Sec. Tax Adjustment |
| 1st | 115,671,441.20 | 6,730,775.33 | 108,940,665.87 | 834,616.14 |
| 2nd | 128,194,414.77 | 6,730,775.33 | 121,463,639.44 | 834,616.14 |
| 3rd | 106,097,998.95 | 6,730,775.33 | 99,367,223.62 | 834,616.14 |
| 4th | 122,714,959.83 | 6,730,775.33 | 115,984,184.50 | 834,616.14 |
| | 472,678,814.75 | 26,923,101.31 | 445,755,713.44 | 3,338,464.56 |
| | | | Rounding Difference | (0.44) |
| | | | Use | 3,338,464.12 |
| Medicare Box 5 | | | | |
| Quarter | Wages per 2006 941s | 1/4 of Box 3 total above | Corrected Wages | Medicare Tax Adjustment |
| 1st | 121,015,858.76 | 6,846,611.37 | 114,169,247.39 | 198,551.73 |
| 2nd | 140,486,083.41 | 6,846,611.37 | 133,639,472.04 | 198,551.73 |

University Hospitals of Cleveland
 Resident Listing
 12/31/06

| BOX 3 SOCIAL SECURITY WAGES | BOX 4 SOCIAL SECURITY TAX WITHHELD | BOX 5 MEDICARE WAGES & TIPS | BOX 6 MEDICARE TAX WITHHELD | Box 3 - Box 5 |
|-----------------------------------|--|-----------------------------------|-----------------------------------|-----------------|
| 3rd | 124,238,206.17 | 6,846,611.37 | 117,391,594.80 | 198,551.73 |
| 4th | 148,034,540.86 | 6,846,611.37 | 141,187,929.49 | 198,551.73 |
| | 533,774,689.20 | 27,386,445.47 | 506,388,243.73 | 794,206.92 |
| | | | Rounding Difference | (0.62) |
| | | | Use | 794,206.30 |
| | | | Amount requested as refund | \$ 4,132,670.42 |